



OFFICE OF INTERNAL AUDIT

REPORT TO THE BOARD OF SUPERVISORS

Human Resources Department

Follow-up Review

April 2011

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The Office of Internal Audit has completed a follow-up review of our Audit of the Human Resources Department (HR), which was finalized in January 2010. We made a total of twenty-eight recommendations for process or policy improvements. Two of the twenty-eight recommendations have target dates occurring after the date of this follow up report. Management has completed or partially completed twenty-two of the remaining twenty-six recommendations.

Specifically, we identified notable progress as follows:

- Development of the Recruitment and Selection policy, addressing uniform employee hiring processes
- In-house training on professional and legal hiring and termination procedures, as well as ongoing assessment of County departments' and offices' training needs
- Conducting background checks for selected employment candidates
- Implementing cost saving revisions to the tuition reimbursement program
- Regular purging of employee application data to reduce the risk of misusing personal information
- Identification of key HR functions and development of written procedures for these functions

We noted further achievement is needed in the following areas:

- Adoption of a resolution establishing a Law Enforcement Merit Council, pursuant to A.R.S. 38-1002, and the creation of PCSO Law Enforcement Merit Rules
- Development of a comprehensive recruitment plan within PCSO that includes a strategy to increase minority applicants
- Maintaining appropriate documentation of testing and evaluation of candidates in the selection and hiring process within PCSO, in accordance with federal Uniform Guidelines on Employee Selection, to ensure compliance with EEOC requirements
- Ensuring adequate information is gathered during the separation and exit interview process, and the data is aggregated and reported, as required, to the County Manager

The following matrix provides details of Management's reported progress and Internal Audit's assessment, based on follow-up audit procedures performed. We would like to thank the Human Resources Department for their assistance during our follow-up review.

Lori Stripling
Pinal County Internal Audit Officer

**Human Resources Follow-up Audit
Management's Response and Action Plan Status
April 2011**

Audit Recommendation	Concur (Yes or No)	Management's Response and Action Plan	Target Date	Individual(s) Responsible	Internal Audit Assessment	HR Response to IA Assessment
<p>1. <i>Human Resources Management should develop, and submit to the Board of Supervisors for approval, required comprehensive hiring and termination personnel policies and procedures for County departments under the authority of the Board of Supervisors (excludes Elected Officials).</i></p>	<p>Yes</p>	<p>We will develop a policy to define the role Human Resources will play in overseeing and participating in the recruitment and selection process for each vacancy in County Employment.</p>	<p>June 2010</p>	<p>Human Resources Director and Employment & Employee Relations Manager.</p>	<p>Partially Complete</p> <p>HR developed Policy <u>3.03 Recruitment and Selection Process</u></p> <p>HR is currently updating Policy <u>3.9 Separation and Exit Interview Process</u>, and revising the <u>Separation Clearance Form</u>, as noted in recommendation #14.</p>	

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2. Policies should include a requirement that Human Resources personnel oversee all hiring and termination proceedings. The department director would retain final decision-making authority.	Yes	Will be covered in aforementioned policy. Human Resources should be actively involved with the hiring department in the interviewing and/or termination process for each position.	June 2010	Human Resources Director and Employment & Employee Relations Manager.	Complete As confirmed by HR during follow-up, department directors retain final decision-making authority, including the ability to verify candidates' personal references during the hiring process.	
3. All department personnel involved in the hiring and termination process should be required to receive training in professional and legal hiring and termination procedures.	Yes	Departmental Staff involved in the hiring and termination process should attend a Behavioral Interviewing class and receive training in our Progressive Discipline process and termination procedures outlined in Merit Rule 12.1.	Ongoing	Learning and Organizational Development Manager, Training Specialist, and Employment and Employee Relations Manager.	Complete Training is ongoing.	

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<p>4. Policies should also include required background checks for all hired candidates; regular monitoring of the current IT background check policy and an Anti-Patronage policy to protect against legal challenges and improve public confidence in the hiring process. The anti-patronage policy should discourage requests from elected and appointed officials to interview particular applicants. These relationships can be appropriately disclosed in the reference section of the application.</p>	Yes	<p>The County Background Investigation Policy requiring background checks on all covered employees was approved by the Board of Supervisors on December 9, 2009. The County Attorney has indicated that the development of an Anti-Patronage Policy may not be appropriate; we will review the Nepotism and Conflict of Interest Policies to see if they can be strengthened.</p>	Sept 2010	Human Resources Director HR Manager and Consultants	<p>Partially Complete</p> <p>Per policy, background checks are now being done for all hired candidates.</p> <p>HR has not developed an Anti-Patronage policy.</p>	<p>The Office of the County Attorney has indicated that development of an Anti-Patronage Policy may not be appropriate. It also appears that the Pinal County Merit Rules, by providing the following:</p> <p>Basic Objectives. The purpose of these Rules is to establish a system of Human Resources administration that is based on merit principles and designed to insure the following basic objective:</p> <p>A. A competitive process that evaluates applicants on the basis of job-related knowledge, skills, and abilities will be used to fill positions covered by this Merit System.</p> <p>And Rules 4 – 6 are essentially establishing Anti Patronage rules.</p> <p><i>The Office of the County Attorney noted a courtesy referral in and of itself is not illegal and referrals and networking are often one of the best ways to find job applicants.</i></p>

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5. <i>The Human Resources Director should revise Merit Rules to ensure all rules are unambiguous and written to ensure enforceability.</i>	Yes	We will undertake a complete review of the Merit Rules with the assistance of the County Attorneys Office to ensure the rules are clear, succinct and enforceable.	June 2011	Human Resources Director and Employment & Employee Relations Manager.	N/A Target date is June 2011.	We are currently working with the County Attorney on this item.
6. <i>The Human Resources Director should revise merit rules to ensure matters appealable through the Merit Commission are for specified cause and limited to processes defined in state statute. The Merit System appeal process should fully comply with provisions detailed in A.R.S. 11-356 and include an exemption for furloughs. All grievable matters cited in the Pinal County Merit Rules should be removed and included in the County personnel rules.</i>	Yes	Rule 13 is currently under revision to incorporate statutory changes recently enacted. References to the grievance process currently in the Merit Rules will be removed when the Rules are reviewed.	June 2011	Human Resources Director and Employment & Employee Relations Manager.	N/A Target date is June 2011.	We are currently working with the County Attorney on this item.

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<p>7. <i>The Pinal County Board of Supervisors should consider adopting a resolution establishing a Law Enforcement Merit Council, pursuant to A.R.S. 38-1002, prior to officially reaching the population threshold. If adopted the Director of Human Resources, and the Pinal County Sheriff, should develop a set of PCSO Law Enforcement Merit Rules.</i></p>	<p>Yes</p>	<p>We will work with the Sheriff and his staff to develop a set of Law Enforcement Merit Rules and prepare a resolution for Board consideration.</p>	<p>12/10</p>	<p>Human Resources Director and Employment & Employee Relations Manager, PCSO HR Manager.</p>	<p>Partially Complete A draft Law Enforcement Merit System is in process of being finalized. New Target Date: June 2011</p>	<p>We are currently working with the County Attorney on this item.</p>

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<p>8. HR personnel staff assigned to the PCSO should maintain demographics at all stages of the hiring process in accordance with federal Uniform Guidelines on Employee Selection Procedures. For reference, Pinal County Juvenile Court personnel have developed an excellent spreadsheet to monitor EEOC compliance.</p>	Yes	<p>We will review the matrix developed by Juvenile Court to monitor EEOC compliance and research PACO to determine its effectiveness in tracking this information.</p>	09/10	Human Resources Director and Employment & Employee Relations Manager, PCSO HR Manager.	<p>Incomplete</p> <p>AZ POST Standards and Training Board Rules and Procedures Manual states, "Arizona POST will not endeavor to enforce or advise on compliance with these (Federal EEOC Uniform Guidelines on Employee Selection Procedures) guidelines." Monitoring for compliance is the responsibility of HR personnel assigned to PCSO.</p>	<p>The demographic makeup of all applicants and employees hired in PCSO and throughout the County is maintained in the PACO database. We will coordinate with PeopleAdmin to determine their capability to provide this information.</p>

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<p><i>9. HR personnel assigned to the PCSO should ensure information ascertained during the background check phase of the process is well-documented and uniformly considered during every phase of the selection process. A weighted selection matrix could be developed to thoroughly document the consideration process.</i></p>	Yes	<p>Our HR Manager will work with PCSO Management to ensure proper documentation and the selection process will be thoroughly documented.</p>	09/10	<p>Employment & Employee Relations Manager, PCSO HR Manager</p>	<p>Incomplete PCSO background checks are not conducted by HR. Internal Audit recommended PCSO develop a hiring tool that documents all phases of hiring consideration.</p>	<p>PCSO currently documents all phases of the hiring process on a spreadsheet. As this office is headed by an Elected Official, our role is to advise and support the office. We cannot direct management to take any specific actions.</p>

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<p>10. <i>The Human Resources Director, and HR personnel assigned to PCSO, should develop a comprehensive recruitment plan that includes a strategy to increase minority applicants. The 2009 Pinal County Equal Employment Opportunity Plan affirms Protective Services-Sworn personnel are 23.49% female and 76.51% male. According to US Census Bureau's 2008 demographics for Pinal County, 47.7% of the total county population is female.</i></p>	Yes	<p>We will work with the Sheriff to develop a recruitment plan to ensure the workforce appropriately reflects the demographics of the local recruitment area.</p>	10/10	PCSO HR Manager	<p>Incomplete</p> <p>Management will work with PCSO to address this recommendation.</p> <p>New target date: March 2012.</p>	<p>We will work with the Sheriff to maximize his recruiting efforts and identify and hire more female Deputies. It needs to be understood that recruitment of female police officers is a national problem due to the skills and physical demands of the job. PCSO sworn female representation is currently 22.8% and leads the community labor force for this job group by 2.6%, as such there is currently no underrepresentation.</p>
<p>11. <i>The Human Resources Director should consider revising the current tuition reimbursement program to include an annual dollar limit per person.</i></p>	Yes	<p>A revision to the Tuition Reimbursement Policy is currently on the drawing board and will include a limit on the 'per employee per year' reimbursement.</p>	06/10	Learning and Organizational Development Manager	<p>Complete</p> <p>The Tuition Reimbursement Program now includes an annual dollar limit per person.</p>	

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<p>12. <i>The Director of Human Resources should revise the tuition reimbursement policy to cover tuition and books only. If other fees are covered, language in the policy should specify which fees will be covered/not covered.</i></p>	Yes	<p>The recommendation will be incorporated into the aforementioned revision.</p>	06/10	Learning and Organizational Development Manager	<p>Complete</p> <p>The Tuition Reimbursement Program now covers tuition and books only.</p>	
<p>13. <i>Due to current financial conditions, the Director of Human Resources should consider recommending the Pinal County Board of Supervisors discontinue the degree attainment program.</i></p>	Yes	<p>Despite the current financial conditions participation in this program has been sufficiently low as to justify discontinuance.</p>	06/10	Learning and Organizational Development Manager	<p>Complete</p> <p>Enrollment in the degree attainment program is sufficiently low.</p>	

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<p><i>14. The Human Resources Director should ensure, whenever possible, that voluntarily separated employees complete an exit interview process. This process should be conducted by an HR Consultant. A termination checklist should be required and should include a provision to determine any required repayment of tuition reimbursement by the employee.</i></p>	Yes	Human Resources Consultants will conduct exit interviews on all employees voluntarily separating from the County.	03/10	Employment & Employee Relations Manager, HR Consultants, PCSO HR Manager.	<p>Partially Complete</p> <p>Management currently has exit interview procedures in draft form. The current termination checklist does not include Tuition Reimbursement/Training >\$1000. Travel Authorization Forms/Training Service Commitments are not consistently maintained in personnel files.</p> <p>New Target Date: June 2011</p>	All of the mentioned forms will be reviewed for content and consolidation.

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<p>15. <i>The Learning and Organizational Development Manager should regularly contact all county department directors to determine their training needs and develop a training plan.</i></p>	Yes	<p>Will contact department directors to determine their training needs and develop a training plan.</p>	3/10	Learning and Organizational Development Manager	<p>Complete</p> <p>Management has been in contact with department heads regarding their training needs.</p> <p>Audit suggests HR develop a schedule for regular communications with Department Directors to help determine training needs</p>	

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<p>16. <i>The Human Resources Director, and the HR Learning and Organizational Development Manager, should contact the EEOC Training Institute's local field office for Arizona to arrange occasional on-site training for County employees.</i></p>	Yes	<p>We will take advantage of this resource when sufficient funding is available. Cost quote from Krista Watson for training - \$750 for 2 hour presentation and \$1200 for a half day session plus travel expenses.</p>	7/10	Learning and Organizational Development Manager	<p>Incomplete</p> <p>Audit reviewed department outside training expenditures for FY2010/11 and determined current spending could be reallocated to EEOC provided training.</p>	<p>The department currently conducts discrimination and harassment training quarterly. There is no need to bring outside resources in to conduct training when there are adequate knowledgeable resources available internally to accomplish this training. The County has a structural deficit and departments are being asked to look for cost savings wherever possible.</p>
<p>17. <i>The Director of Human Resources should consider expanding current leave policies to include a voluntary furlough policy; and submit it to the BOS for approval.</i></p>	Yes	<p>We will develop a recommendation for a Voluntary Furlough Program as a revision to our Leave of Absence without pay policy.</p>	07/10	Human Resources Director	<p>Complete</p> <p>Given the recent change in County Management, this recommendation should be discussed with the new County Manager.</p>	

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18. <i>The Human Resources Director should develop an internal written policy to require a regular review of the PACO contract, including a documented assessment of contract comparable costs.</i>	Yes	We will develop a departmental policy to periodically review the PACO Contract. We are also working to identify a new HRIS system and will see if the PACO functionality can be included in the new system.	06/10	Human Resources Director	Complete Management explained that the request for proposal (RFP), for the new enterprise resource planning system (ERP), will include a system to replace PACO.	
19. <i>The Human Resources Director should develop an internal policy to require regular purging of application data to reduce the risk of misusing personal information stored in the system.</i>	Yes	We have contacted PeopleAdmin to ensure applications are purged in accordance with the Arizona Library and Archives record retention schedule.	01/10	Human Resources Analyst for Recruiting	Complete Management showed evidence that staff is purging application data.	

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<p>20. <i>The Human Resources Director should work with the vendor to develop the ability to regularly change passwords and develop a written internal policy requiring use of a strong password by all PACO users. The strength of a password is a function of length (12+ characters), complexity (numbers, symbols, upper/lower case) and randomness (no repetition, sequences, etc.).</i></p>	Yes	<p>The passwords in PACO have been set to expire every 6 months. When participants go to update the password they will be required to use a minimum of 8 letters that includes at least one Character.</p>	Complete	Human Resources Analyst for Recruiting	<p>Complete Management indicated that PACO users must change their passwords every 6 months.</p>	
<p>21. <i>The Human Resources Director should identify key internal HR operational functions and develop written procedures for these functions.</i></p>	Yes	<p>HR non-exempt staff will develop desk manuals for their essential functions, and Exempt Staff will prepare a list of primary duties and frequency of performance.</p>	09/10	HR Staff	<p>Partially Complete Key operational functions have been identified and written procedures are currently being developed.</p>	This is an ongoing process

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22. <i>The Human Resources Director should conduct an HR department functional needs assessment. The assessment can help HR management determine the most effective staffing structure and optimal use of HR staff's skills.</i>	Yes	We have reviewed the functional needs of the Department and identified a need for more mid level Specialists and an Analyst to provide support in Compensation and Benefits, Recruitment and Training.	01/10	HR Management Team	Complete Management has reviewed the functional needs of the department.	
23. <i>To monitor compliance with merit rules (exit interviews, nepotism, etc.), and keep department management aware of any changes, the Employee Relations Manager should send surveys to department management on a regular basis.</i>	Yes	Surveys are and will continue to be an integral part of our Managing For Results feedback mechanism.	Ongoing	Employee Relations Manager	Partially Complete Customer satisfaction surveys reviewed did not include questions to help monitor department compliance with County policies.	Customer satisfaction surveys were designed to determine the extent to which client departments were satisfied with the services performed by HR staff members. Compliance with Merit Rules and Policies is monitored on a case by case basis as incidents arise. Disciplinary actions involving suspension, demotion and termination are reviewed and approved in HR and the County Attorney office before the action is taken.

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24. <i>The Human Resources Director should revise merit rules to include a provision requiring all responsible county departments/offices, including those of both appointed and elected officials, to pay for costs incurred during an employee's merit rule appeal.</i>	Yes	This will be included in the Merit Rules Revision.	09/10	Human Resources Director with input from Staff and County Attorney	Partially Complete Management in conjunction with the Attorney's Office, are working towards revising the merit rules. New Target Date: June 2011	We are currently working with the County Attorney on this item.
25. <i>Although HR has cooperated fully allowing Internal Audit access to records under the Board of Supervisors' authority, Personnel Policy 2.80 Confidentiality and Employee Records should be revised to specifically include Internal Audit in the list of those with authorized access.</i>	Yes	Internal Audit will be included in an upcoming revision to this Policy.	02/10	Human Resources Director	Partially Complete A Draft revision to policy 2.80 was created. Management will get with the County Attorney's Office to get the policy finalized. New Target Date: June 2011	We will resubmit this policy revision for County Attorney approval.

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26. <i>The Human Resources Director should regularly assess the need for dedicated legal counsel in the area of employment law.</i>	Yes	There exists an ongoing need for dedicated legal counsel in both Human Resources as well as the Hearing Office. While an Attorney has been assigned by the County Attorney, Human Resources is only one of many Departments the Attorney supports. The existence of conflicting commitments has resulted in sometimes lengthy delays in the scheduling of Merit Hearings. The Hearing Office currently does not have a dedicated legal counsel as the civil attorneys who support Development Services and Health and Human services perceive a conflict of interest exists if they assist the hearing office, we will pursue outside counsel for support.	Ongoing	Human Resources Director with input from Staff and County Attorney	Complete The County Attorney's Office recently hired a Deputy County Attorney, with a background in Employment Law.	

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<p>27. Pursuant to Personnel Policy 3.90 Separation & Exit Interview Process, the Human Resources Director should develop a written procedure ensuring the information is aggregated and the reports are prepared and issued to the County Manager.</p>	Yes	An internal departmental policy will be developed.	06/10	Human Resources Director.	<p>Partially Complete</p> <p>Management has a draft procedure.</p> <p>New Target Date: April 2011</p>	We will finalize the draft procedure.
<p>28. The Human Resources Director should include in written HR department procedures a process for ensuring HR information on the county's website is regularly reviewed and updated.</p>	Yes	An internal process will be developed and included in written department procedures.	06/10	Human Resources Director.	<p>Partially Complete</p> <p>Procedures are currently in process of being developed.</p> <p>New Target Date: April 2011</p>	This process will be documented in the Departmental policy manual.