

PINAL • COUNTY

Wide open opportunity

OFFICE OF INTERNAL AUDIT

REPORT TO THE BOARD OF SUPERVISORS

Pinal County Human Resources Audit

Lori Stripling, Internal Audit Officer
Kate Witek, Internal Auditor

January 2010

Executive Summary

The Office of Internal Audit has recently completed an operational audit of the Pinal County Human Resources (HR) Department. Significant areas reviewed during the audit include:

- Hiring, testing, and termination procedures in county departments, including the Courts and the Pinal County Sheriff's Office
- Federal and State employment law; Peace Officer Standards and Training (POST); Merit rules; and Pinal County personnel policies and procedures
- Flexible workforce planning strategies
- Tuition reimbursement and training policies
- Security controls over personnel computer systems and data
- Human Resources internal management operations

As a result of our review, we found HR management controls over the hiring, testing, training, and termination processes in county departments are not adequate to provide assurance that county staff is effectively managing these processes. The following are some of our more salient findings:

- There is no comprehensive County policy that requires uniform, professional, and legal hiring procedures for vacant positions in county departments;
- There is no required training in professional and legal hiring practices for department personnel conducting the hiring process;
- Many county departments do not verify information on job candidate applications;
- Pinal County Merit System rules are written to include a Merit Commission appeals process that is not statutorily supported;¹
- Due to decentralized HR functions, and ambiguous merit rules and personnel policies, some rules and policies, such as Nepotism (Personnel Policy 3.2), Anti-Patronage (Merit Rule 4.2 D.3), and Administration of the Merit System (Merit Rule 2.3) are difficult for HR to monitor and/or enforce;
- Pinal County will be required to implement a Law Enforcement Merit System after the next census²;

¹ A.R.S.11-356A "...only by written order....filed with Clerk of the Board...within ten days after presentation of the order may appeal the order through the clerk of the commission (Merit)..."

- Current tuition reimbursement and degree attainment program policies cause an inequitable, and perceivably subjective, administration of available funds;
- Security controls over the HR information system³ need improvement;
- HR has not developed written procedures for essential departmental functions

Our recommendations for improvements include:

- HR Management should develop, and submit to the Board of Supervisors for approval, required hiring policies and procedures for County departments under the authority of the Board of Supervisors (not applicable to Elected Officials). Competitive hiring policies would remain discretionary⁴ for uncovered (merit-exempt) appointed positions. Policies should require that HR personnel oversee all department hiring and termination proceedings.
- Department personnel involved in the hiring and termination process should be required to receive training in professional and legal hiring practices.
- HR Management should review and revise Merit rules to provide an appeals process supported by statute and establish a separate personnel grievance process for specifically identified causes.
- HR Management should work with the Pinal County Sheriff's Office (PCSO) to proactively develop a separate Law Enforcement Merit System, which will be required by state law following the next official census.
- HR Management should work with the PCSO to develop comprehensive written policies for their hiring procedures. Policies should include procedures to ensure EEOC compliance and a minority recruitment plan.
- The responsibility for monitoring Merit rule and personnel policy should include responsible department Management and should require documentation of compliance reviews.
- HR Management should work with the online application vendor and develop policies for the on-line application process that include how and when to purge or

² A.R.S. 38-1007

³ PACO

⁴ At the discretion of the responsible appointing authority

store out-dated information and how to implement a strong password policy for authorized users.

- HR Management should revise the tuition reimbursement and degree attainment policies to be more aligned with industry norms and benefit a greater number of County employees.
- HR Management should conduct an assessment of HR functions and align skilled staff to current areas of highest need. HR staff should cross train for critical areas.

The following report provides additional details of our audit observations, findings, and recommendations for improvement. We would like to thank the management and staff of the Pinal County Human Resources Department for their assistance and cooperation during the course of this audit.

Lori Stripling
Pinal County Internal Audit Officer

Introduction

The Office of Internal Audit has completed a review of the Pinal County Human Resources (HR) department and management controls over personnel functions. Our audit was planned and conducted in accordance with Generally Accepted Government Auditing Standards⁵. These standards require that we plan and perform the audit to obtain sufficient appropriate evidence to provide a reasonable basis for our findings and conclusions, based on our audit objectives.

Audit Objectives

The primary objectives of this audit were to:

- Determine whether HR has established procedures to ensure Pinal County staff effectively manages personnel processes.
- Determine whether current HR personnel processes provide reasonable assurance the organization is achieving compliance with all applicable laws and regulations.
- Determine whether HR has developed adequate flexible staffing strategies, and if adopted policies would likely mitigate the risk of compliance violations and litigation if staffing changes are implemented.
- Determine if training and tuition reimbursement policies are adequate to maintain a knowledgeable and effective workforce.
- Verify whether proper controls are in place to ensure the security and accuracy of protected employee data.
- Review HR internal control⁶ processes and determine if management has established procedures to achieve its objectives regarding effective operations.

⁵ <http://www.gao.gov/govaud/ybk01.htm>

⁶ Internal control is a process established by management, designed to provide reasonable assurance that the organization achieves its objectives regarding effectiveness and efficiency of their operations; reliability of financial reporting; and compliance with applicable laws and regulations.

Audit Scope

The Pinal County Human Resources Department (HR) provides recruitment, consultation, compensation & benefits, and training services to applicants and employees of Pinal County.⁷

The scope of our audit was to assess the effectiveness of the HR recruitment, consultation, and training services functions, and ensure regulatory compliance. We did not review compensation & benefits functions during this examination. A separate audit of these duties will be performed at a later date.

Audit Methodology

Our audit included such tests of internal controls, procedures, and documentation as were necessary to accomplish the audit objectives. Our methodologies included:

- Interviews with HR management and personnel;
- Interviews with appropriate federal, state and county staff;
- Tour of facilities and observation of operational activities;
- Examination of relevant documentation and surveys;
- Research of applicable laws and regulations;
- Review of relevant computer system information and interviews with vendor staff;
- Analysis of comparative HR data.

⁷ Pinal County FY 2008-2009 Budget pg 115

Background

The Pinal County Human Resources Department (HR) provides recruitment, consultation and training services to the applicants and employees of Pinal County. Programs within the department include (1) Administration; (2) Employment Services; (3) Total Compensation; (4) Training & Development; (5) Information Management; and (6) Civil Hearings Procedures.

While the Civil Hearing Program has been placed within the Human Resources Department, the program is not a human resource function; however, budget and staff for the program are reflected in the following HR department totals.

In FY 2009/10 the department received an authorized budget of \$1,333,946 and 20 staff positions.⁸ This reflected an appropriation decrease of 3.05 percent (-3.05%) over the previous fiscal year.

HUMAN RESOURCES	FY 2005/06	FY 2008/09	FY 2009/10	% of change over previous year
Employee Relations		\$278,167.00	\$298,302.00	7.24%
Recruitment		\$199,084.00	\$99,620.00	-49.96%
New Hire Orientation		\$37,092.00	\$55,392.00	49.34%
Compensation		\$63,597.00	\$51,536.00	-18.96%
Benefits		\$66,058.00	\$62,863.00	-4.84%
Training and Development		\$99,118.00	\$101,310.00	2.21%
Tuition Reimbursement		\$148,113.00	\$152,813.00	3.17%
Franklin Covey Training		\$31,778.00	\$118,045.00	271.47%
Information Management		\$99,326.00	\$92,682.00	-6.69%
Records Management		\$43,236.00	\$46,824.00	8.30%
Executive Management		\$125,454.00	\$123,992.00	-1.17%
Budget Finance Purchasing		\$42,974.00	\$24,941.00	-41.96%
Record Management		\$1,627.00	\$2,700.00	65.95%
Training		\$2,214.00	\$555.00	-74.93%
HR Activity		\$1,734.00	\$4,110.00	137.02%
IT Activity		\$2,725.00	\$2,857.00	4.84%
HR Expenditures	\$508,724.00	\$1,242,297.00	\$1,238,542.00	-0.30%
HR Staff	9	16	16	No Change
Civil Hearing Expenditures	\$84,302.00	\$133,677.00	\$95,404.00	-28.63%
Civil Hearings Staff	3	4	4	No change
Total	\$593,026	\$1,375,974.00	\$1,333,946.00	-3.05%

⁸ HR positions 16 FTE & Civil Hearings 4 FTE
<http://www.pinalcountyz.gov/Departments/BudgetOffice/Documents/Budget%20Book/2009-10%20Budget%20Book.pdf>

However, prior year budgets for HR, from FY 2005/06 to FY 2009/10, reflect a 143.46% increase in expenditures (from \$508,724 to \$1,238,542) and a 77% increase in staff. During this time the total number of employees working for Pinal County also increased, from 2400 in FY 2005/06, to 2577 in FY 2009/10, or 7.38%. These adjustments reflect a change in the ratio of HR employee to County employees from 1/267 in 2006 to 1/161 in 2009.

Increases in county budgets and staff during this five year time period were a response to rapid growth in the county general population and a corresponding need to provide additional county services. Pinal County's estimated population expanded from 258,000 in 2005 to 350,000 in 2010, an increase of 36%.⁹

Year	Pinal County Total Appropriations and General Fund Appropriations	Pinal County General Population	Pinal County government employees	County employee /General population
2005	Total \$ 404,000,000 GF \$ 160,000,000	258,256	2400	1/108
2009	Total \$ 400,217,200 GF \$ 185,112,668	350,000	2577	1/136

⁹ <http://quickfacts.census.gov/qfd/states/04/04021.html> Pinal County population percent change from 2000-2008 was 82.1%

AUDIT FINDINGS AND RECOMMENDATIONS

A. Pinal County personnel processes are insufficient to ensure proper hiring and termination practices

In an effort to achieve effective and legal hiring and termination practices, the Pinal County Board of Supervisors (BOS) adopted a Merit System in 1972. The BOS has also, over time, adopted various personnel policies regarding hiring and termination processes for County employees.

During our audit we determined there are no required hiring and termination policies and procedures for county departments. We also found inconsistent hiring procedures in several departments and in one department we found improper hiring and termination practices were conducted by untrained department personnel.

Inconsistent and improper hiring practices can result in increased legal exposure, higher training costs, ineffective service delivery and poor morale. Poor hiring decisions may also result in terminations and, regardless of how justifiable and well-documented they are, terminations expose an organization to the risk of a wrongful termination lawsuit or a discrimination claim from a former employee.

Note: While separately elected county and court officials can be strongly encouraged to follow established hiring practices, there is no law requiring them to do so when appointing¹⁰ county employees under their authority. Additionally, the Arizona Court of Appeals has determined that the Board of Supervisors can not discipline employees under the authority of another elected County officer, should the County officer decline to do so.¹¹

¹⁰ A.R.S. 12-231 Appoint Bailiff and A.R.S. 11-409 County officers may appoint... (all employees)... necessary to conduct the affairs of their respective office.

¹¹ <http://www.cofad1.state.az.us/opinionfiles/CV/CV060730.pdf>

Recommendations

- 1. 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).*
- 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.*
- 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.*
- 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 policy¹² 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.¹³ These relationships can be appropriately disclosed in the reference section of the application.*

B. Several Pinal County Merit System rules are impossible to enforce and difficult to monitor. Pinal County merit rules establish a grievance process for the Merit Commission beyond allowable statutory authority.

¹² ARS 11-627 Effect of personal interest of county officer and ARS 38-481 Employment of relative; violation; classification; definition

¹³ A practice known as a Courtesy Referral

The Pinal County Board of Supervisors established a Merit System for covered Pinal County employees on October 2, 1972.¹⁴

During the course of this audit we reviewed the Pinal County Merit System for compliance with state statutes and found:

- **Various merit rules were impossible to monitor for compliance.** For example, Rule 4.2C directs, “all persons applying or holding a position in the County service shall be required to meet the following general qualifications: integrity, honesty, dependability, industry, thoroughness, accuracy, good judgment, initiative, resourcefulness, courtesy, ability to work cooperatively with others, willingness and ability to assume and fulfill the responsibility of employment, good health and physical and mental abilities compatible with the work assignment.”
- **Pinal County Merit System establishes a grievance process through the Merit Commission beyond the statutory scope allowed by law.** Pinal County merit rule 13.1A allows appeals based on an employee complaint, “of unlawful discrimination or harassment...” Arizona merit system statutes, however, assign power to an appointed Merit Commission¹⁵ to only, “affirm, modify or revoke...” a “written order by an appointing authority...” to “(1) dismiss, (2) suspend, or (3) reduce in rank or (4) compensation (a county employee).”
- **Pinal County Merit System rules also allow appeals for actions resulting in “dismissal, demotion, reduction in pay or suspension on any grounds...” and do not specify grounds or cause.** Maricopa County Merit rules, Section 15, limits appeals to “authorized cause for discipline, suspension, demotion or dismissal,” and specifically lists authorized cause (i.e. incompetency, abuse of leave, dishonesty, discourteous treatment of the public, etc.).

¹⁴ A.R.S. 11-352

¹⁵ A.R.S. 11-353

A claim of discrimination based on Federal and/or State statutes, including Title VII of the Civil Rights Act of 1964; the Americans with Disabilities Act (ADA); the Age Discrimination in Employment Act (ADEA); the Equal Pay Act (EPA); and the Family and Medical Leave Act (FMLA) can be filed with the appropriate Federal or State agency charged with enforcement of those laws.

Recommendations

5. The Human Resources Director should revise Merit Rules to ensure all rules are unambiguous and written to ensure enforceability.

6. 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. 11-356¹⁶ 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.

C. State law requires a separate Merit System Council for Law Enforcement Officers.

A.R.S. 38-1002 requires, “In each county coming within the provisions of this article, there shall be a merit system council which shall consist of five members appointed by the board of supervisors of the county...” A.R.S. 38-1007 allows an exemption for, “A county having a population, according to the last federal census, of less than two hundred fifty thousand (<250,000) inhabitants...”

In 2008, the United States Census Bureau¹⁷ estimated the population of Pinal County at 327,301. After the next federal census is completed in 2010, the County will no longer qualify

¹⁶ *A.R.S. 11-356 has recently been revised to exempt merit covered furloughed employees from the Merit process. This is effective November 24, 2009.*

¹⁷ <http://quickfacts.census.gov/qfd/states/04/04021.html>

for an exemption from A.R.S. 38-1002. This statute does not preclude the County Board of Supervisors, if they choose to do so, from passing a resolution adopting the provisions of A.R.S. 38-1002 prior to officially reaching the population threshold. Establishing a Law Enforcement Merit System process now would allow sufficient time to prepare comprehensive and effective Merit Rules before census results necessitate these actions.

In the last eight years the Pinal County Sheriff's office has nearly doubled in size from 347 employees in FY 2002/03 to 675 employees in FY 2009/10.

	Sheriff employees	County Population (est.)	Ratio of employee/citizens
FY 2002/03	347	200,000	1/576
FY 2009/10	675	350,000	1/518

Due to the rapid increase of employees, and the relatively complicated hiring and termination processes within the Pinal County Sheriff Office (PCSO) the Human Resources department has assigned a dedicated HR consultant to the PCSO.

Recommendations

7. 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.

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.

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.

10. 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.¹⁸

D. Tuition Reimbursement in Pinal County does not maximize participation and is not equitably distributed.

Pinal County has established a tuition reimbursement program for county employees. According to personnel rule 5.30, the stated purpose of the program is, "To provide a means of assistance to Pinal County employees in obtaining job related education."

Depending on a sliding grade scale, reimbursement may cover up to 100% of the cost of tuition, books and fees. Advanced payments may be approved by the Human Resources Training and Development Manager who is the administrator for the program.

The allowable amount of reimbursement is set by the County Manager; however, this is a total amount in a reimbursement account and there are no limitations on total reimbursement per individual.

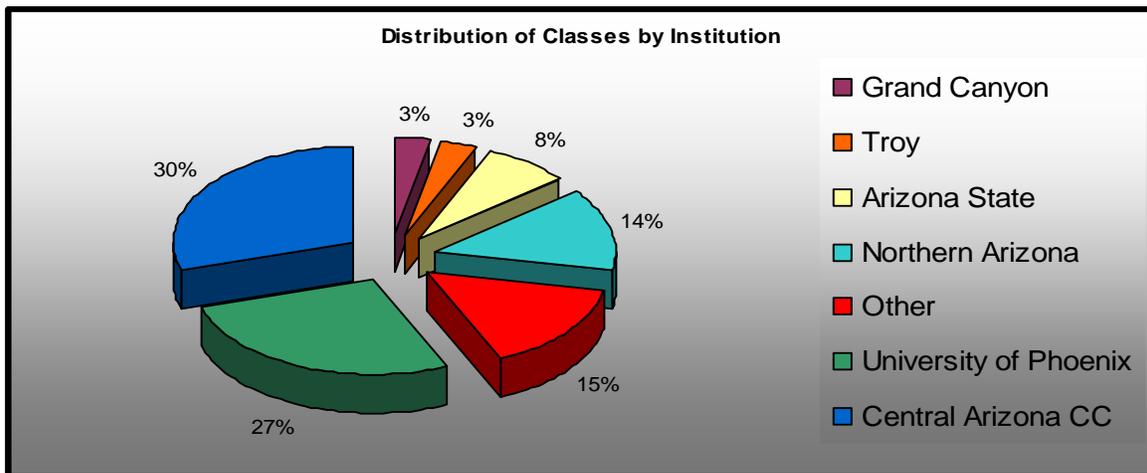
We reviewed reimbursement from December 2002 to July 2009 and found:

- A total of \$620,455.70 was distributed to 142 recipients.

¹⁸ <http://quickfacts.census.gov/qfd/states/04/04021.html>

- Reimbursements ranged from \$134.30 to \$23,935.93 per individual.
- Nineteen (19) people received \$10,000 or more, consuming 47.13% of the funds distributed during this period.
- Eighty (80) individuals received \$2000 or more, comprising 91% of the total distribution.
- Thirty percent (30%) of these individuals left county employment within five years.
- Throughout this time approximately 1224 classes were taken, resulting in an average reimbursement of \$506 per class.

During our audit we examined the tuition reimbursement programs for several other counties and found Maricopa County released an evaluation of their tuition reimbursement program in August 2005. The study found the average cost per class was \$519.53, slightly above the cost reimbursed by Pinal County, and 27.6% of the Maricopa participants left the County within five years, slightly below the rate in Pinal County.



We also compared reimbursement limits per individual for seven counties,¹⁹ and found the average limit was \$2050 per year per person and covered, in most counties, tuition and books. Some counties also limited the reimbursement program to total approved funds and reimbursed on a sliding grade scale.

¹⁹ Yuma AZ, Washoe NV, Fauquier VA, Frederick MD, Montgomery MD, Kenosha WI, Los Angeles CA

County	Reimbursement limit	Timeframe
Pinal AZ	No limit	No limit
Yuma AZ	\$1000	Year
Washoe NV	\$750	Year
Fauquier VA	\$3000/undergrad \$4750/grad	Year
Fredrick MD	\$3000	2 courses per semester per student
Montgomery MD	\$2400	Year
Kenosha WI	\$1200	Year
Los Angeles CA	\$1000/semester \$3000/year	2 courses per semester per student

Pinal County also offers a degree attainment program (Personnel policy 5.40). The program is open to full-time county employees who have completed 60 semester hours of college-level course work. The program offers two options:

Option A – Attending College while working - allows the employee to attend school while retaining their current position and reducing their work hours to not less than 70% of a normal work week (not less than an annual average of 30 hours per week). Payroll deductions and group insurance are maintained and leave is accumulated at full-time rates.

Option B – Attending College full-time - employee is retained as an active employee for two years. The employee is not paid a salary but medical benefits may be maintained if paid for by the employee.

Under both options the employee may request reimbursement under the County Tuition Reimbursement program. The employee may re-apply to maintain the Degree Attainment Program after two years.

Internal Audit was unable to find a similar program offered by any of the counties we researched.

Recommendations

11. The Human Resources Director should consider revising the current tuition reimbursement program to include an annual dollar limit per person.

12. 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.

13. Due to current financial conditions, the Director of Human Resources should consider recommending the Pinal County Board of Supervisors discontinue the degree attainment program.

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.

E. Supervisor training is not adequate to keep all County Supervisors/Managers updated on current employment related legal requirements and best practices.

During our audit we reviewed training programs offered by the Pinal County Human Resources department. There are only two training requirements for Pinal County employees.

(1) Personnel policy 3.15 Unlawful Discrimination and Harassment mandates all employees must attend, “a harassment prevention training provided by Pinal County upon initial employment and once every four years thereafter.”

(2) Personnel Policy 3.70 Performance Management Planning establishes a performance management process that includes regular evaluations and requires, “every supervisory employee who produces and conducts performance appraisals must attend training in the performance management and appraisal process.” There are no specified time periods in the policy.

According to the Learning and Organizational Development Manager, this required training consumes most of the division's staff hours and does not allow much time for developing and offering additional training. Using other available resources to help with this training would allow the Development Manager to focus on additional training needs. This training could also be provided in a larger venue to optimize the number of employees attending and decrease the number of training sessions required.

Recommendations

15. The Learning and Organizational Development Manager should regularly contact all county department directors to determine their training needs and develop a training plan.

16. The Human Resources Director, and the HR Learning and Organizational Development Manager, should contact the EEOC Training Institute's local field office for Arizona²⁰ to arrange occasional on-site training for County employees.

F. Pinal County does not have a formally approved furlough policy.

During our audit we found Pinal County does not have a permanent and formally approved furlough policy.²¹ We researched furlough policies and found several suggestions to consider.

- Voluntary, unpaid furlough (leave) time enacted by employees;
- A scaled approach, as developed by the University of Georgia, ranging from no furlough for low paid workers to 6 days off for the highest paid employee;
- A plan allowing employees to take required furlough time in hours or days over a specified time period (i.e. one day off a week for a month);
- Sufficient notifications to help employees better prepare and plan for lower paychecks.

²⁰ Phoenix office Krista Watson 602-640-4995 (10/28/09)

²¹ ARS 11-356

Recommendations

17. 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.

G. Computer system data security measures are not regularly monitored or updated

To verify security controls for data obtained during the online application process we obtained read-only access to the PACO (job application) on-line system, and interviewed Human Resources and third party vendor staff about concerns with information system data security. We also reviewed the contract between the Pinal County Human Resources department and the 3rd party vendor²² used for our online application process.

The purpose of our review was to determine if contract terms are adequate and storage of data was secure. During the course of our review we identified the following weaknesses in information technology and data security areas of the personnel process:

- The third party vendor contract contains automatic renewal terms. The annual applicant fee has been increased slightly each year. There is no HR written policy to require an established schedule for regular review of contracted terms and fees.
- Department personnel do not always enter information documenting the application process on a timely basis, and there is no requirement for department personnel to maintain accurate and timely data.
- There are approximately 35,550 applications online dating back to 2004. There is no internal written policy to require scheduled purging of old data (data over five years) maintained in the system.
- There is no written internal policy, or an agreement with the vendor, to require regularly scheduled user password changes.

²² <http://www.peopleadmin.com/products>

- Despite creating and offering excellent training for PACO users, HR does not require PACO users to receive training on the application before obtaining access to the system. This creates some variation in applicant tracking data (i.e. some applicant interview information is not entered; some applicants are blatantly flagged as courtesy referrals, etc.).

We also confirmed online security and physical security of data is monitored by People Admin, the application vendor. Online secure File Transfer Protocol (FTPS) and encryption are used, and physical security of hardware is ensured using fire safety protection and other devices.

Recommendations

18. 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.

19. 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.

20. 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.)

H. The Human Resources Department has not developed internal written procedures for essential functions

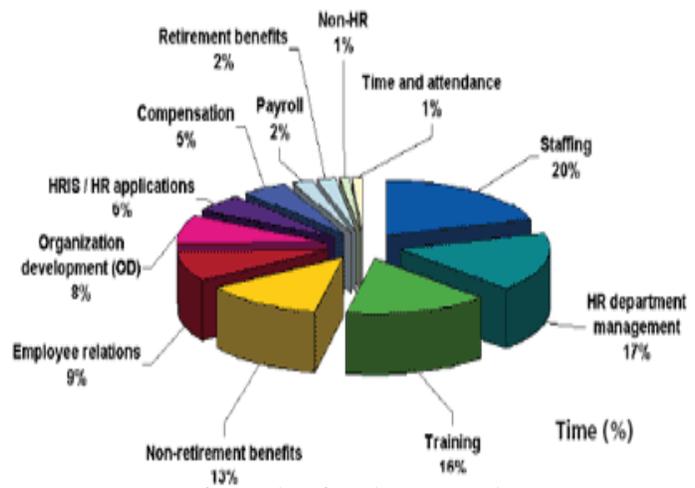
During our audit we examined management of general functions within the Human Resources department. Areas we evaluated include:

- Budget and staff analysis;
- General management controls over department operations, including developing policies and procedures for essential department functions,
- Management oversight of HR consultants practicing within other county departments;
- Internal processes including the job description process, exit interview process, new personnel policies process, and the legal counsel process.

We identified several areas of concern during the course of our review that could jeopardize Human Resources’ ability to deliver quality services. In particular we found:

- The Human Resources department does not have internal written policies and procedures for essential functions;

- HR staff does not have dedicated access to legal counsel with employment law experience. HR staff does not have the expertise or time to monitor and study federal and state employment law changes;



Example of a detailed functional analysis chart

- HR has not performed an internal functional analysis to determine the most effective staffing structure for the HR department and optimal use of the HR staff’s skills;

- HR is responsible for costs associated with merit appeals. During the course of our audit we found these costs are increasing significantly beyond budgeted amounts;
- Personnel Policy 2.80 Confidentiality and Employee Records establishes a Privacy Committee and specifies access to personnel records. It details approved access to personnel files. The policy has not been revised since 2003 and does not include Internal Audit in the list of departments with authorized access to personnel records;
- Personnel Policy 3.90 Separation & Exit Interview Process requires Human Resources to retain all exit forms and prepare periodic reports of the interview findings for the County Manager. At this time the Director of Human Resources is not preparing the required reports.
- HR is responsible for maintaining current information on the county's website, such as various HR forms, the job salary plan and job descriptions. We identified current positions not included in the list of job descriptions on the website.

Recommendations

21. The Human Resources Director should identify key internal HR operational functions and develop written procedures for these functions.

22. 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 their HR staff's skills.

23. To monitor compliance to 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.

24. *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.*

25. *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.*

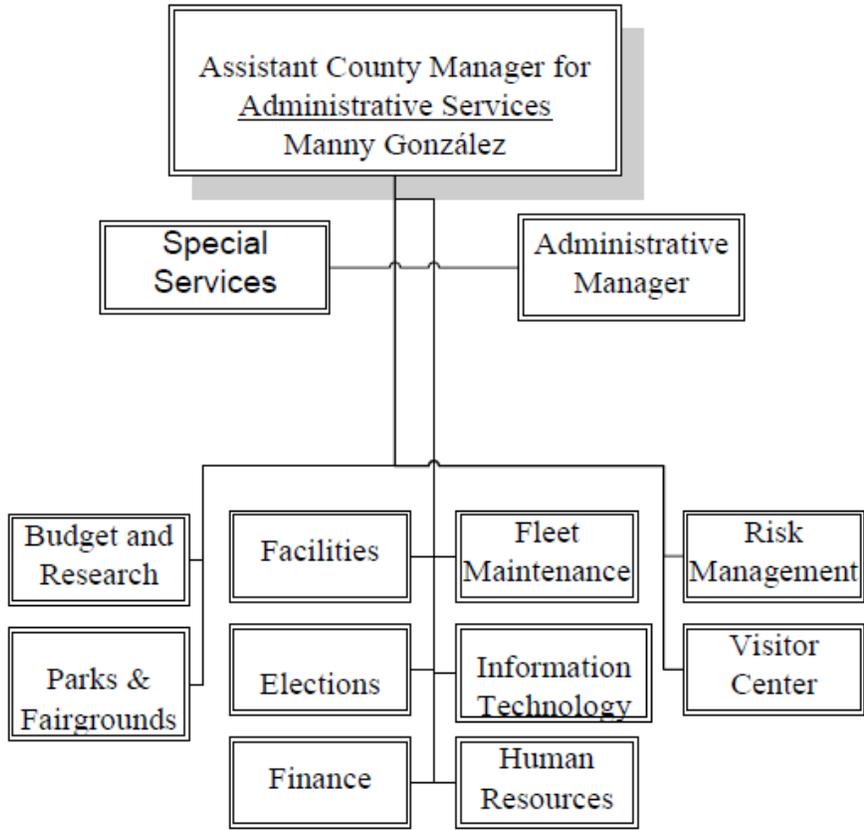
26. *The Human Resources Director should regularly assess the need for dedicated legal counsel in the area of employment law.*

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.*

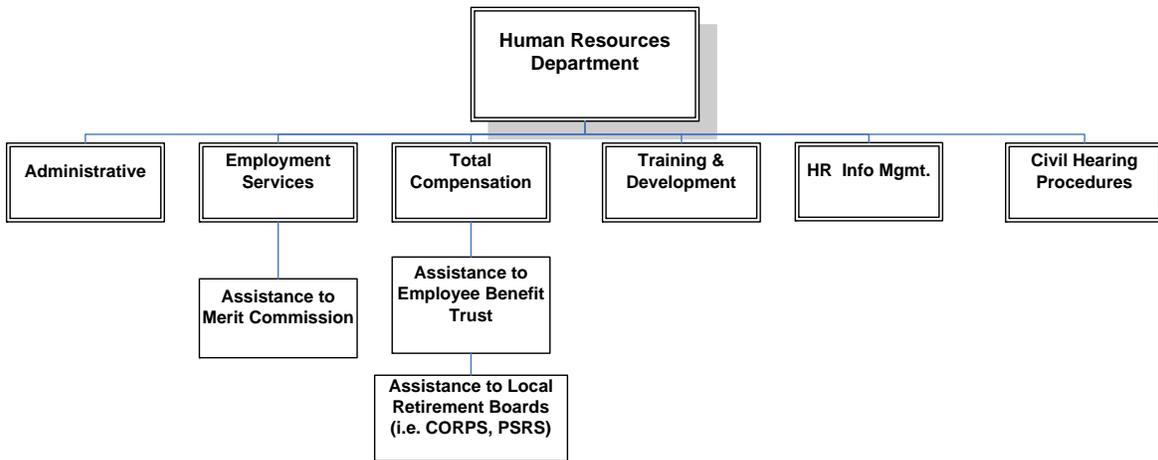
28. *The Human Resources Director should include in written HR department procedures a process for ensuring HR information on the county's website is regularly reviewed and updated.*

Organizational Charts

FY 2009-2010 Budget Book



Mike Arnold
Pinal County
Human Resources Director



This page intentionally left blank

**Human Resources Management Response and Action Plan
January 2010**

Audit Recommendation	Concur Y/N	Action Plan	Target Date	Individual Responsible
1. 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).	Yes	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.	June 2010	Human Resources Director and Employment & Employee Relations Manager.
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.
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. I	Ongoing	Learning and Organizational Development Manager, Training Specialist, and Employment and Employee Relations Manager.
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 ²³ 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. ²⁴ These relationships can be appropriately disclosed in the reference section of the application.	Yes	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.	September 2010	Human Resources Director HR Manager and Consultants

²³ ARS 11-627 Effect of personal interest of county officer and ARS 38-481 Employment of relative; violation; classification; definition

**Human Resources Management Response and Action Plan
January 2010**

Audit Recommendation	Concur Y/N	Action Plan	Target Date	Individual Responsible
5. The Human Resources Director should revise Merit Rules to ensure all rules are unambiguous and written to ensure enforceability.	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.
6. 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 ²⁵ 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.	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.
7. 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.	Yes	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.	12/10	Human Resources Director and Employment & Employee Relations Manager, PCSO HR Manager.

²⁴ A practice known as a Courtesy Referral

²⁵ A.R.S. 11-356 has recently been revised to exempt merit covered furloughed employees from the Merit process. This is effective November 24, 2009.

**Human Resources Management Response and Action Plan
January 2010**

Audit Recommendation	Concur Y/N	Action Plan	Target Date	Individual Responsible
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.	Yes	We will review the matrix developed by Juvenile Court to monitor EEOC compliance and research PACO to determine its effectiveness in tracking this information.	09/10	Human Resources Director and Employment & Employee Relations Manager, PCSO HR Manager.
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.	Yes	Our HR Manager will work with PCSO Management to ensure proper documentation and the selection process will be thoroughly documented.	09/10	Employment & Employee Relations Manager, PCSO HR Manager
10. 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. ²⁶	Yes	We will work with the Sheriff to develop a recruitment plan to ensure the workforce appropriately reflects the demographics of the local recruitment area.	10/10	PCSO HR Manager

²⁶ <http://quickfacts.census.gov/qfd/states/04/04021.html>

**Human Resources Management Response and Action Plan
January 2010**

Audit Recommendation	Concur Y/N	Action Plan	Target Date	Individual Responsible
11. The Human Resources Director should consider revising the current tuition reimbursement program to include an annual dollar limit per person.	Yes	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.	06/10	Learning and Organizational Development Manager
12. 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.	Yes	The recommendation will be incorporated into the aforementioned revision.	06/10	Learning and Organizational Development Manager
13. Due to current financial conditions, the Director of Human Resources should consider recommending the Pinal County Board of Supervisors discontinue the degree attainment program.	Yes	Despite the current financial conditions participation in this program has been sufficiently low as to justify discontinuance.	06/10	Learning and Organizational Development Manager
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.	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.

**Human Resources Management Response and Action Plan
January 2010**

Audit Recommendation	Concur Y/N	Action Plan	Target Date	Individual Responsible
15. The Learning and Organizational Development Manager should regularly contact all county department directors to determine their training needs and develop a training plan.	Yes	Will contact department directors to determine their training needs and develop a training plan.	3/10	Learning and Organizational Development Manager
16. The Human Resources Director, and the HR Learning and Organizational Development Manager, should contact the EEOC Training Institute's local field office for Arizona ²⁷ to arrange occasional on-site training for County employees.	Yes	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.	7/10	Learning and Organizational Development Manager
17. 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.	Yes	We will develop a recommendation for a Voluntary Furlough Program as a revision to our Leave of Absence without pay policy.	07/10	Human Resources Director
18. 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.	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
19. 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.	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

²⁷ Phoenix office Krista Watson 602-640-4995 (10/28/09)

**Human Resources Management Response and Action Plan
January 2010**

Audit Recommendation	Concur Y/N	Action Plan	Target Date	Individual Responsible
20. 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.)	Yes	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.	Complete	Human Resources Analyst for Recruiting
21. The Human Resources Director should identify key internal HR operational functions and develop written procedures for these functions.	Yes	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.	09/10	HR Staff
22. 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.	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
23. 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.	Yes	Surveys are and will continue to be an integral part of our Managing For Results feedback mechanism.	Ongoing	Employee Relations Manager

**Human Resources Management Response and Action Plan
January 2010**

Audit Recommendation	Concur Y/N	Action Plan	Target Date	Individual Responsible
24. 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.	Yes	This will be included in the Merit Rules Revision.	09/10	Human Resources Director with input from Staff and County Attorney
25. Although HR has cooperated fully allowing Internal Audit access to records under the Board of Supervisors' authority, Personnel Policy 2.80 <u>Confidentiality and Employee Records</u> should be revised to specifically include Internal Audit in the list of those with authorized access.	Yes	Internal Audit will be included in an upcoming revision to this Policy.	02/10	Human Resources Director
26. The Human Resources Director should regularly assess the need for dedicated legal counsel in the area of employment law.	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

**Human Resources Management Response and Action Plan
January 2010**

Audit Recommendation	Concur Y/N	Action Plan	Target Date	Individual Responsible
27. Pursuant to Personnel Policy 3.90 <u>Separation & Exit Interview Process</u> , 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.	Yes	An internal departmental policy will be developed.	06/10	Human Resources Director.
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	Yes	An internal process will be developed and included in written department procedures.	06/10	Human Resources Director.

This page intentionally left blank