PROJECT SUMMARY

Overview

Overall, Texas A&M International University has processes and controls in place to provide reasonable assurance that human resources operations are performed effectively and efficiently and in compliance with applicable laws, policies, regulations, and rules except for its hiring and termination processes. Significant improvements need to be made in the documentation of hiring decisions and in the timely cancellation of access to information systems for terminating employees.

Opportunities for improvement were also identified in the areas of access to human resources information systems and documented human resources procedures.

Summary of Significant Results

Hiring Documentation

Employee hiring files did not contain the appropriate information to support the selection of the employee hired. Various hiring file documentation was lacking including verification of educational degrees, reference checks, interview questions and responses, and applicant ratings or scores. Weaknesses noted in documentation to support hiring decisions increases the risk that the University cannot demonstrate that the best qualified candidate for the position is hired and that the hiring decision is supported and well documented.
Termination

Employee termination processes do not ensure timely removal of access to information systems for compliance with applicable laws, policies and regulations. Limited guidance and lack of monitoring employee terminations increases the risk that access to information systems is not terminated timely, thus, increasing the risk of unauthorized access to information systems by former employees.

Summary of Management’s Response

The University will be developing documentation requirements and training hiring committee participants to ensure hiring decisions can be justified. Additionally, the University will implement a process to ensure information system access is removed upon employee separation.

Scope

The review focused on University human resources processes for the period of October 1, 2009 through September 30, 2010. Areas reviewed included hiring, state-mandated training, performance evaluations, terminations, and grievance processes. Audit tests did not include faculty with the exception of required training and termination procedures. Fieldwork was conducted from November 2010 to January 2011.
OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. Hiring Documentation

Observation

Hiring files did not contain the appropriate information to support the selection of the employee hired and demonstrate that the best qualified candidate was selected in an objective and unbiased evaluation of the candidates' knowledge, skills, education, abilities, and experience. For the hiring files reviewed, 25 of 26 (96%) had incomplete documentation (some had multiple exceptions):

- Twenty-three did not have documentation of interview questions and responses.
- Twelve did not have documentation of degree verifications.
- Twenty-five did not have documentation of reference checks.
- Twenty-three did not have documentation of applicant ratings or scores.

Hiring file documentation requirements have not been established by the University to support hiring process activities. A&M System Regulation 33.99.04 requires that employment decisions be based on job-related factors such as education, experience, knowledge, skills, abilities, license/certification requirements, results of reference checks, and success in previous employment. Supervisors had not attended hiring process training and were not aware of System hiring documentation requirements. Documentation requirements such as completing reference checks and degree verifications provide corroborative evidence of the applicant's expertise, accomplishments, and character. Properly completing the hiring process, including documentation requirements, also reduces the risk that supervisors will make poor decisions and not hire the most qualified applicant.

Recommendation

Establish documentation requirements to ensure that hiring files contain appropriate information to demonstrate qualified candidates are selected in compliance with System regulations. Require hiring
1. Hiring Documentation (cont.)

supervisors to periodically attend training to ensure documentation is completed and properly retained.

Management’s Response

By August 31, 2011, a process will be implemented for the collection and review of documentation supporting the hiring process (i.e., interview questions, degree verification, reference checks, applicant rating) by Human Resources.

By May 31, 2011, all hiring supervisors (administrators and faculty) will be required to complete the A&M System online training, “Effective Hiring Practices,” which covers how to hire effectively and fairly, prepare/update position descriptions, post vacancies, develop interview questions, conduct interviews, and check references. The online training will be required every 2 years thereafter.

2. Terminations

Observation

The University’s employee termination process did not provide timely removal of employee access to information systems and cancellation of employee identification cards. Twenty-two of 30 (73%) terminated employee files reviewed did not have employee access to information systems removed timely. In some cases, employee access was not removed for several months after termination. Exceptions included the following (some employees had multiple exceptions):

- Fourteen employees did not have computer access to the active directory removed timely, taking between 8 and 74 days to remove access.

- Ten employees did not have access to TAMIU Works, the employee management system, removed timely, taking between 8 and 383 days to remove access.

- Three employees did not have their University ID card deactivated timely, taking between 59 and 382 days to deactivate the cards. While the ID cards for these three employees were used for identification only, some ID cards are used for building access and other purposes.

The University’s employee termination process includes notification of departments with responsibility for these information systems; however, the process does not include verification from the
2. Terminations (cont.)

departments when access has been removed. In addition, temporary and part-time employees are not included in the standard employee termination process. Therefore, there is no assurance that necessary steps in the termination process have been completed for these employees. Without standardized processes for all employees that include verification that termination steps have been completed, the risk is increased that terminated individuals may use University assets inappropriately or access systems and locations without authorization.

Recommendation

Ensure access to information systems and employee identification cards are canceled when the employee terminates and monitor to ensure timely cancellation. Require verification from the responsible departments of access termination before the exit process is completed.

Management’s Response

By August 31, 2011, a procedure will be implemented to collect verification from responsible departments (HR, OIT, and Card Services) that access to information systems (active directory, TAMIU Works) and ID cards is deactivated in a timely manner.

3. Human Resources Information Systems

Observation

TAMIU Works lacks supervisor review of employee access. There is a lack of supervisor review of employee access to TAMIU Works to ensure staff have access to this confidential information only to the extent necessary to do their job. Human Resources does not provide employee account profiles in TAMIU Works to supervisors throughout the University for periodic review to ensure that employee access is in agreement with their current job responsibilities. It was also noted that all employees in Human Resources have access to create user accounts in TAMIU Works. Different user profiles had not been created for the different job responsibilities within Human Resources. Texas Administrative Code Chapter 202, Subchapter B, Rule 202.75, Information Resources Security Safeguards requires management of information resources to ensure authorized use. Monitoring of account profiles is a control that ensures users have appropriate account access for their job duties and decreases the risk of unauthorized access to confidential information.
Recommendation

3. Human Resources Information Systems (cont.)

Establish a process to ensure employee account profiles in TAMIU Works are reviewed by the employee’s supervisor at least annually to determine if account access is appropriate for the employee. Ensure the ability to create and approve account profiles in TAMIU Works is limited only to those with the responsibility to create and approve accounts.

Management’s Response

By May 31, 2011, department heads will be required to review and verify the “User Types” assigned to their employees in TAMIU Works to ensure the assigned “User Types” are still valid based on the employees’ current job responsibilities. This process will be completed annually thereafter.

4. Human Resources Procedures

Observation

There is a lack of current comprehensive documented procedures for various functions within the Office of Human Resources such as terminations, grievances and monitoring of staff evaluations. Human Resources had not emphasized the importance of documented procedures for various functions within their department. Additionally, the University rule for non-faculty employee grievances (32.01.02.L1) was not compliant with the System regulation (32.01.02). The System regulation was updated in July 2010 and the University has not yet updated their rule to agree with changes in the regulation. Without current documented procedures the risk is increased that important procedures and guidelines will be bypassed, incompletely performed, or inappropriately handled. Documented procedures also assist with training and continuity should employee turnover occur.

Recommendation

Establish documented procedures for processes within the Office of Human Resources. Update the current University rule for grievances for compliance with the System regulation.

Management’s Response

By August 31, 2011, documented procedures for the following processes within the Human Resources Office will be established:
4. Human Resources Procedures (cont.) (1) terminations, (2) grievances, and (3) monitoring of staff evaluations. Additionally by August 31, 2011, TAMIU Rule 32.01.02.L1, Complaint and Appeal Process for Non-Faculty Employees, will be updated to be compliant with System Regulation 32.01.02, Complaint and Appeal Process for Non-Faculty Employees.
BASIS OF REVIEW

Objective

The overall objective of the audit was to analyze the University’s management processes for human resources to determine if strategic and operational results and outcomes are achieved in an efficient and effective manner and to determine compliance with laws, policies, regulations, and rules.

Criteria

Our audit was based upon standards as set forth in the System Policy and Regulation Manual of the Texas A&M University System and other sound administrative practices. This audit was conducted in conformance with the Institute of Internal Auditors’ “International Standards for the Professional Practice of Internal Auditing.”

Additionally, we conducted this performance audit in accordance with generally accepted government auditing standards. Those 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. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The Texas A&M International University Office of Human Resources reports to the Associate Vice President for Administration and falls under the Division of Finance and Administration. Human resources functions are centrally performed and monitored by the Office of Human Resources to ensure compliance with policies, regulations, rules and procedures.

At the time of the review, the University had a total of 1,277 active faculty, staff, and student workers. The combined salaries, wages and benefits for fiscal year 2010 totaled approximately $49.2 million.
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