PROJECT SUMMARY

Overview

Texas A&M University – Kingsville’s processes and controls over human resources do not provide reasonable assurance that human resources operations are performed effectively and efficiently and in compliance with applicable laws, policies, regulations and rules. Significant weaknesses were identified in the governance structure of the Office of Human Resources, the faculty and staff hiring processes and the completion of Employment Eligibility Verification (Form I-9) forms. Additionally, improvements need to be made in the University’s employee termination and grievance processes. In recent years, the University has experienced high turnover in its human resources staff which has contributed to its difficulty in providing adequate controls over the human resources operations.

The University’s human resources function is centralized with six full-time staff and one student worker to serve approximately 1,200 faculty and staff employees.

Summary of Significant Results

Governance Structure – Office of Human Resources

The University has failed to enforce accountability in complying with human resources requirements in its centralized and decentralized human resources operations due to weak human resources controls and the lack of perceived authority in the Office of Human Resources. A formal mission statement does not exist to provide direction for managing the University’s human resources processes. Human Resources employees have indicated that it is difficult to enforce compliance in departments throughout the University as departments either are not aware of or choose not to adhere to human resources procedures. Additionally, while the University has
conducted several recent human resources studies and made some changes, a complete management plan has not been developed to fully address all of the recommendations made in these studies. The absence of a clear strategic vision for the University’s human resources operations has increased its risk of ineffective and inefficient processes and noncompliance with human resources related requirements.

**Hiring Processes**

The University’s rules and procedures for both the faculty and staff hiring processes are outdated and do not reflect current practices. Significant error rates were noted in our testing of many of the hiring process requirements for both faculty and staff. Hiring files did not consistently contain appropriate information to support the selection of the employee hired and demonstrate the best qualified candidate was selected in an objective and unbiased evaluation of the candidate’s knowledge, skills, education, abilities, and experience. Documentation that was lacking in the hiring files included interview questions and responses, applicant rankings or scores, reference checks, and verification of educational degrees and certifications. Weaknesses in the hiring process increases the University’s risk that the best qualified candidate for the position is not hired and that the hiring decision is not supported and well documented.

**Accuracy of Form I-9s**

Form I-9s, Employment Eligibility Verification, are not being completed accurately and timely in accordance with Department of Homeland Security instructions. Twelve of nineteen (63%) faculty and two of thirty (7%) staff Form I-9s were not accurately completed while fourteen of eighteen (78%) faculty and fifteen of thirty (50%) staff Form I-9s were not completed within the required timeline. Failure to complete the Form I-9s accurately and timely could put the University at risk for possible civil and criminal penalties levied according to the Immigration Reform and Control Act of 1986.

**Summary of Management’s Response**

*Texas A&M University – Kingsville’s executive management agrees that processes and controls over human resources must be strengthened to ensure that human resources operations are performed effectively and efficiently and in compliance with applicable laws, policies, regulations and rules. The institution is committed to initiating proactive and timely response to resolving*
these identified deficiencies and insuring the existence of a compliant human resources organization.

Scope

The review of human resources processes at Texas A&M University - Kingsville focused on the areas of hiring, employee grievances, terminations, performance evaluations, post-tenure reviews, information system access, and state-mandated training for both faculty and staff for the period September 1, 2009 through December 31, 2010. Fieldwork was conducted from February 2011 to May 2011.
OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. Governance Structure – Office of Human Resources

Observation

A strong governance structure has not been established in the Office of Human Resources.

There is currently a lack of clear direction for the Office of Human Resources which has resulted in weak controls and lack of accountability throughout the University regarding human resources operations. A formal mission statement does not exist to provide guidance for managing the University’s human resources processes. Human Resources employees have indicated that it is difficult to enforce compliance with University departments as departments either are not aware of or choose not to adhere to human resources procedures.

While management has begun implementing certain recommendations from external consultant reviews of the University’s Office of Human Resources, including organizational processes and employee classification and compensation plans, a formal management plan has not been developed to fully address all of the recommendations from the reviews. The University has experienced turnover in key Human Resources management positions which has delayed decisions regarding implementation of consultant recommendations. The Office of Human Resources was under the direction of an Interim Director from September 2010 through July 2011 and three of the six Human Resources employees had been with the department one year or less at the time of this review.

Guidance for human resources processes is outdated and does not reflect current practices. University Rule 33.99.01.K1, Employment—Staff was last revised in January 2006 and Rule 33.99.01.K2, Employment Rule – Faculty appears to be outdated as well. The University Faculty Handbook, which contains guidance for faculty hiring, grievance, and evaluation processes has not been updated since 2004, but is currently undergoing revisions. An example of a discrepancy between University rules and current practices involves the location of faculty new hire information. University Rule 33.99.01.K2 states that “All applications, resumes and other paperwork should be returned to the Affirmative Action Office for file.” Currently, no faculty new hire information is kept in the Affirmative Action Office; instead, faculty new hire files were obtained from both the Provost’s Office and the Office of Human Resources.
1. Governance Structure – Office of Human Resources (cont.)

Resources. The Provost Office’s involvement as a repository for documentation regarding faculty new hires is not included in either the University rule or the Faculty Handbook.

Lack of clear direction, comprehensive human resources guidance, and accountability for adherence to human resources processes creates inefficiencies in operations and increases the University’s risk that good human resources management decisions may not be made.

Recommendation

Determine the strategic vision for the University’s human resources operations. Develop a formal mission statement for the Office of Human Resources and update goals and objectives to reflect the vision and mission.

Determine which recommendations resulting from the consultant reviews are in line with the Office of Human Resources strategic vision and mission. Develop a formal management plan, including specific time lines and responsible parties, for full implementation of the recommendations which have not yet been addressed.

Update University rules, procedures, and handbooks regarding human resources processes to reflect current laws and A&M System requirements. Review this information on a regular basis to ensure guidance remains current.

Provide training to the University community regarding human resources processes and the role departments have within those processes. Notify University management when noncompliance with established human resources processes occurs.

Management’s Response

The University Office of Human Resources and Payroll is committed to the creation of a best-in-class service and resource consultant support organization. Specific activities will include:

- Development of a strategic vision.

- Development of formal mission statement supported by updated goals and objectives and an organizational chart.

- Development of a management plan reflecting implementation of the consultant’s recommendations that is in line with this stated vision.
1. Governance Structure – Office of Human Resources

<table>
<thead>
<tr>
<th>University rules, procedures, and monitoring processes regarding hiring procedures are outdated and do not reflect current practices.</th>
<th>External commitments to achieving this best-in-class level include but are not limited to:</th>
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<tr>
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<td>• Development of processes to provide current information and guidance resources for use by the organization as a whole.</td>
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<tr>
<td></td>
<td>• Updating of University rules, procedures, and handbooks regarding human resources processes to reflect current laws and A&amp;M System requirements.</td>
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<td>• Bi-annual reviews of this information will be scheduled with the Vice President of Administration and Finance to ensure guidance remains current.</td>
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<td>• Training will be provided to the University community (Chairs Academy, Javelina Administrative Group (JAG), Deans Council, etc.) on an annual basis or sooner if the need is identified regarding human resources processes and the role departments have within those processes.</td>
</tr>
<tr>
<td></td>
<td>• University management (Vice President of Administration and Finance) will be notified when noncompliance with established human resources occurs.</td>
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The development of these core plans and processes is targeted for completion and implementation by no later than March 30, 2012.

2. Hiring Processes

**Observation**

Based on audit test work results, the University’s hiring processes for faculty and staff require significant improvement to provide reasonable assurance that qualified applicants are hired, confidential information is protected, and processes are performed efficiently and in compliance with human resources requirements. The University’s rules and procedures for both the faculty and staff hiring processes are outdated and do not reflect current practices.

Hiring files did not consistently contain appropriate information to support the selection of the employee hired and demonstrate the best qualified candidate was selected in an objective and unbiased evaluation of the candidate’s knowledge, skills, education, abilities, and experience. Significant error rates were noted in our testing of both faculty and staff new hire files. For nineteen of twenty (95%) faculty and thirty of thirty (100%) staff
2. Hiring Processes (cont.)

new hire files reviewed, interview questions, responses and ranking of candidates, such as on a hiring matrix, could not be located. Additionally, error rates of 47% and 37%, respectively for faculty and staff, were noted regarding job postings not being tracked in the University’s automated human resources system, PeopleAdmin. This system is intended to serve as the starting point for all faculty and staff new hires.

Additionally, we noted error rates of 100% (16 of 16) and 80% (24 of 30), respectively, for faculty and staff Employee Personnel Action (EPA) forms not being submitted to the Office of Human Resources by the assigned deadline. Also, evidence of reference checks could not be located for 100% of faculty files reviewed and 57% of staff files.

Other areas tested specific to faculty new hires that resulted in high error rates with University requirements included use and documentation of search committees (63% and 100%), completion of applicant tracking logs (74%), Affirmative Action Officer’s approval of job offers (75%), current curriculum vita not on file (25%), EPA salary not in agreement with appointment letter (21%), and unsuccessful candidates not notified timely (30%).

For staff new hires tested, significant error rates with University requirements were noted in the areas of lack of evidence of credential verification and background check (53% and 27%) and position descriptions not signed by either the employee or supervisor (47%).

We noted that multiple versions of new hire checklists were used and offer and appointment letter formats varied widely among new hire files tested. In addition, applications did not consistently include, or offer at all, an area to indicate veterans and/or former foster care preference. Texas Government Code Sections 657 and 672 specify circumstances in which applicants shall be given preference in hiring based on veteran or foster child status.

Additionally, a clear standard has not been set regarding the information that should be maintained within the University’s various human resources files, including the hiring file, the personnel file, and the benefits file. In nearly all of the fifty files tested, documentation contained within each of these files was inconsistent with repetitive data, including confidential information.

A&M System Regulation 33.99.01 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. It also requires that relevant information acquired during the hiring process be retained. Documentation requirements such as completing reference checks and degree and experience verifications provide corroborative evidence of the applicant’s expertise, accomplishments, and character. Properly completing the hiring process, including documentation of the hiring process, reduces the University’s risk that the best qualified candidate for the position is not hired and that the hiring decision is not supported and well documented.

It was also noted that the hiring, termination, and evaluation processes are the same for full-time faculty and adjunct faculty. Adjunct faculty are given the title of ‘lecturer’, thus it is difficult to distinguish between full-time lecturers and adjunct faculty without tracing to the employee’s percent effort. In addition, adjunct faculty are typically terminated and rehired each academic year which results in extensive creation and tracking of documentation.

**Recommendation**

Update the University’s rules and procedures for the faculty and staff hiring processes and improve the University’s compliance. Establish a monitoring function to review for compliance with hiring related laws, policies, regulations, rules, and procedures. Notify University management when repeated noncompliance with established requirements occurs.

Standardize documentation, such as applications, new hire checklists, and appointment and offer letters, to the extent possible. Ensure documentation contains all information required by law, such as an option to disclose veteran or former foster care preference on the application.

Determine the file structure that will provide for efficient operations and protection of confidential data as it relates to files maintained and documentation kept within those files.

Determine if it is in the best interest of the University to distinguish between full-time and adjunct faculty in human resources operations. Consult with other universities regarding an efficient means of addressing the hire, termination, rehire and evaluation of adjunct faculty and implement those which best suit the University’s needs.

**Management’s Response**

*Improvements to the University’s hiring processes will insure that the best qualified candidate for the position is hired and that the hiring process is completed with proper documentation.*
2. Hiring Processes (cont.)

Improvements are needed in the completion of Form I-9s.

decision is well supported and documented. Specific actions include:

- The University’s rules and procedures for faculty and staff hiring processes will be updated to improve the University’s compliance and the Provost’s Office will be engaged in this development and communication.

- An associated monitoring function to review compliance will be implemented and University management (Vice President of Administration and Finance and the Provost) will be notified when repeated noncompliance with established requirements occurs.

- Development of standardized hiring documentation and processes will reflect that documentation contains all information required by law, including the option to disclose veteran or former foster care preference on the application. The University will engage the Office of General Counsel in review and approval of proposed documentation.

Cooperative initiatives with the Provost Office will provide:

- A file structure that will provide for efficient operations and protection of confidential data as it relates to files maintained and documentation kept within staff and faculty files.

- Specific issues of distinguishing between full-time faculty and adjunct faculty will also be addressed in this cooperative effort.

Realization of documentation and related personnel files insuring consistent and compliant hiring processes is targeted for completion by August 31, 2012.

3. Accuracy of Form I-9s

Observation

The University is not ensuring that Form I-9s, Employment Eligibility Verification, are completed accurately and timely in accordance with Department of Homeland Security, US Citizenship and Immigration Services’ Instructions OMB No. 1615-0047 which states that “Employers must sign and date the certification in Section 2” and “Employers must complete Section 2 by examining evidence of identity and employment eligibility within three (3) business days of the date employment begins.” Twelve of nineteen (63%) faculty and two of thirty (7%) staff Form I-9s were not properly completed while
3. Accuracy of Form I-9s (cont.)

Fourteen of eighteen (78%) faculty and fifteen of thirty (50%) staff Form I-9s were not completed within the required timeline. In addition, a Form I-9 could not be located for one of twenty (5%) faculty files tested.

Form I-9s are centralized in the Office of Human Resources; however, various employees within Human Resources complete the Form I-9s and there has been no formal training provided on how to complete Form I-9s. Failure to complete the Form I-9s accurately and timely could put the University at risk for possible civil and criminal penalties levied according to the Immigration Reform and Control Act of 1986.

Recommendation

Provide training on the rules regarding the accuracy and timely completion of Form I-9s in accordance with the Department of Homeland Security, US Citizenship and Immigration Services’ Instructions OMB No. 1615-0047. Monitor the completion of Form I-9s to ensure they are completed accurately and timely.

Management’s Response

The University will ensure that Form I-9s are completed accurately and timely in accordance with Department of Homeland Security, U.S. Citizenship and Immigration Services Instructions. Specific actions to insure compliance include:

- Training of the designated HR representative will be done via online instruction.
- Communication/training with department hiring managers and/or administrators.
- Implementation of a monthly monitoring process involving a dedicated HR team to insure compliant completion and maintenance of employee Form I-9s.

An internal self-audit in March 30, 2012 will reflect 100% compliant and timely I-9 documentation.
4. Employee Termination Process

Observation

Termination processes need improvement to ensure consistent, timely processing of access terminations and return of assets.

The University termination checkout list, required by University Rule 32.01.02.K1, Termination of Employment for Non-faculty Employees, was not found in eight of thirty (27%) termination files. EPA final payroll documentation was not created timely for ten of twenty-eight (36%) terminations and not created at all for two terminations. It was verified that these two employees did not receive any inappropriate payments after termination. It was also noted that active directory access was cancelled more than one day after termination for fifteen of eighteen (83%) terminations. Parking permits were not recovered from fourteen of twenty (70%) terminated employees and six of thirty (20%) terminated employees’ identification cards were still active at the time of this review.

Some of the above issues were attributable to departments signing checkout lists as having performed certain duties without actually obtaining assets or terminating access rights. For example, nine of fourteen (64%) parking permits which were not recovered and four of six (67%) identification cards which were not returned had departmental indication that the procedures had been performed.

Without standardized processes for all employees that include verification that termination steps have been completed according to the termination checkout list, the risk is increased that terminated individuals may use University assets inappropriately or access systems without authorization.

Recommendation

Ensure the termination checkout list is utilized and consistently completed before finalization of the termination process. Monitor to ensure timely cancellation of information technology access and processing of EPA documentation. Perform periodic monitoring activities to ensure departments responsible for portions of the termination process complete activities as required.

Management’s Response

The University Human Resources organization will ensure standardized processes to ensure termination steps have been completed and to minimize the risk that the use of University
4. Employee Termination Process (cont.)

- Revision to create a comprehensive termination checkout document that will engage all related departments (University Police, IT, etc.) to insure clear understanding of expected processes and timely separation actions.
- Monitoring will ensure timely (no later than two business days) cancellation of information technology access and processing of EPA documentation.

Documentation revision and training and implementation of a timely and compliant process will be in existence and utilization by March 30, 2012.

5. Grievance Processes

Observation

Faculty and staff grievance procedures are not comprehensive.

The faculty grievance process as outlined in the Faculty Handbook is outdated as the most recent revisions occurred in 2004. Staff grievance processes in place in the Office of Human Resources are brief and do not include either a grievance timeline or a reference to A&M System Regulations 08.01.01, Civil Rights Compliance or 32.01.02, Complaint and Appeal Process for Non-Faculty Employees. Absence of sufficient guidance has resulted in noncompliance with these regulations. Four of eight (50%) grievances were not filed by the employee within the established timeline, but were still accepted for review. In addition, six of eight (75%) written decisions were not submitted within fifteen days of receipt of the complaint and in six of six (100%) instances where grievance decisions were not made timely, no notation of an extension was made nor were involved parties notified of the extension.

Management indicated that acceptance of grievances and thorough investigation of the issues, whether inside or outside established timelines, is a necessary service to University employees. While this is of importance, timelines within the regulations referred to above exist to ensure grievances are submitted timely to obtain accurate facts with which to make a fair assessment. Absent these requirements the University may be viewed as failing to provide employees with fair and timely consideration of grievances.
Recommendation

5. Grievance Processes (cont.)

Update both faculty and staff grievance guidelines; ensure guidelines are thorough and in conformance with applicable laws, policies, and regulations.

Adhere to grievance timelines as established in A&M System Regulations 08.01.01 and 32.01.02 to the extent possible. Consult with the A&M System Office of General Counsel to determine appropriateness of accepting grievances filed outside the established timelines.

Ensure extensions necessary to fairly address grievances are documented and involved parties are notified of the extension.

Management’s Response

The University will ensure that grievances are submitted timely to obtain accurate facts with which to make a fair assessment. Specific actions include:

- Revision to posted grievance processes will reflect alignment and adherence to A&M System Regulation 32.01.02 for both faculty and staff employees.

- Revisions will be presented to the Office of General Counsel for appropriateness and alignment.

- Extensions necessary to fairly address grievances will be documented and involved parties will be notified of the extension.

- The University Office of Compliance will be engaged in this revision process and in the implementation of grievance responsiveness and timeliness.

Grievance process revision and implementation will be submitted to the Office of General Counsel by the end of January 30, 2012.
BASIS OF REVIEW

Objective

The objective of this audit was to review the University’s management processes over 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; the Texas Administrative Code (TAC) 202 and 216; the Family Educational Rights and Privacy Act (FERPA); the Treadway Commission’s Committee of Sponsoring Organization’s Internal Control - Integrated Framework (COSO); and other sound administrative practices. This audit was performed in compliance 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 University – Kingsville Office of Human Resources reports to the Vice President for Finance and Administration. Human resources functions are centrally performed and monitored by the Office of Human Resources and Office of the Provost to ensure compliance with policies, regulations, rules, and procedures.

At the time of the review, the University had a total of approximately 1200 active faculty and staff employees. The Texas A&M University – Kingsville Fiscal Year 2011 Operating Budget totaled approximately $106.4 million.
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