PROJECT SUMMARY

Overview

Human resources processes and controls at the Texas A&M Forest Service require significant improvement to ensure that operational results are achieved efficiently and effectively and in compliance with applicable requirements. Processes for employee hiring, completion of Form I-9s, and employee terminations are not consistently functioning in compliance with A&M System policy and Agency procedures. Opportunities for improvement were also noted regarding the storing of human resource records and data, and performance measures.

The Agency employs approximately 450 budgeted employees along with a number of seasonal employees as needed to assist during the fire season which increases the complexity of the human resources processes at the Agency. The Human Resources department (HR) provides centralized support to all of the Agency’s 54 locations across the state.

The Texas A&M Forest Service is a member of the Texas A&M System’s AgriLife Program, but its HR department does not participate as part of the AgriLife Program’s central human resources function which oversees human resources processes for all other AgriLife Program members. Consideration should be given to the benefits of merging the Agency HR department with the AgriLife Program’s central human resources office for greater potential economies of efficiency as well as to provide additional resources and support to help address the weaknesses noted in this report.

Summary of Significant Results

Hiring Process

Weaknesses were noted in the Agency’s hiring process especially related to seasonal employees hired to assist during the fire season. Employee hiring files reviewed were missing required documentation for fifteen of thirty (50%) budgeted employee hires and all thirty (100%) seasonal employee hires tested. Missing documentation included employment applications and required...
vacancy postings for all seasonal employee hires tested. Hiring documentation related to verification of applicant credentials, reference checks, interview rankings, and criminal history checks was also missing to varying degrees for both budgeted and seasonal employee hires tested. Weaknesses in the Agency’s hiring process increases the risk that the Agency cannot demonstrate that the best qualified candidate is hired and that its hiring decision is supported and well documented.

Form I-9s

Form I-9s, Employment Eligibility Verification, were not completed accurately and timely as required by the Department of Homeland Security, US Citizenship and Immigration Services’ Instructions. Of the thirty Form I-9s tested, fourteen (47%) did not have section 1 completed timely or no employee signature date was included to determine timeliness. Section 2 was not completed timely for three (10%) of the Form I-9s tested and five (17%) contained errors. Failure to complete the Form I-9s accurately and timely puts the Agency at risk for possible civil and criminal penalties levied according to the Immigration Reform and Control Act of 1986.

Termination Process

The employee termination process does not ensure employee access to information systems is removed and Employee Personnel Action (EPA) forms are processed in a timely manner for terminated employees. In addition, documentation is not adequate to determine if all keys issued to field office employees have been returned. The lack of an adequate termination process increases the Agency’s risk of misuse or loss of resources and/or property.

Summary of Management’s Response

We agree with the auditors’ recommendations. We plan to have all the necessary corrective actions implemented by September 30, 2013.

Scope

The review of human resources processes at the Texas A&M Forest Service focused on hiring procedures, Form I-9s, termination procedures, and economy and efficiency of operations. The audit reviewed activities at various Agency
locations throughout the state from April 1, 2011 to March 31, 2012. Fieldwork was conducted from April 2012 to June 2012.
OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. Hiring Process

Observation

The hiring process does not ensure compliance with rules and procedures.

Weaknesses were noted in the Agency’s hiring process especially related to seasonal employees hired to assist during the fire season. There were 126 new hires during the past year of which 47 were budgeted employees and 79 were seasonal employees. Most seasonal employees are not considered to be competitive hires and thus certain aspects of the normal hiring process are not required. Testing included a review of thirty budgeted and thirty seasonal employee hires with the following results:

- No application or other documentation of the applicant’s qualifications and credentials was available for the thirty seasonal employee hires reviewed to determine whether the applicant met the minimum hiring requirements. The Agency uses a special application form for seasonal hires, but the seasonal employee hiring checklist used to guide regional hiring supervisors does not include obtaining the application form.

- The thirty seasonal employee hires reviewed were not posted with the Texas Workforce Commission as required by state law.

- Four of twenty-eight (14%) external budgeted employee hires reviewed did not have sufficient documentation of the rankings related to the applicant’s application or interview. This included instances in which there was no documentation indicating why lower ranking applicants were interviewed while higher ranking applicants were not. In addition, not all of the applications were ranked and some did not have documentation showing the ranking of applicants interviewed.

- Four of thirteen (31%) budgeted employee hires reviewed which had stated education requirements did not have sufficient documentation indicating that required education credentials were verified.

- Eight of fourteen (57%) employee hires reviewed for which the applicant was eligible for selective service had no
1. Hiring Process (cont.)

- Four of twenty-eight (14%) external budgeted employee hires reviewed did not have the required telephone reference contact form completed.

- Two of thirty (7%) seasonal employee hires reviewed had no documentation that the required criminal history check had been performed. In addition, adequate supporting documentation was not maintained in the employee files for seven criminal history checks performed.

- No process is in place to take former foster child or veteran status into account when rating applicants as required. In addition, military service credentials are not verified.

A&M System Regulation 33.99.01 requires that employment decisions be based on job-related factors such as education, experience, knowledge, skills, abilities, licenses and certifications, results of reference checks, and success in previous employment. In addition, every offer of employment shall be conditioned on verification of these relevant job-related credentials and other requirements such as selective service registration and criminal history checks. If external candidates will be considered for the vacancy, it must be listed with the Texas Workforce Commission and preference must be given to any applicants who were former foster children or veterans if other factors are equal.

Hiring procedures are not consistently monitored and enforced to ensure compliance with hiring requirements. The Agency has hiring guidelines and applicant matrices for evaluating applications and interviews as well as forms for documenting required verifications such as reference checks and selective service registration, but these are not consistently used. There are no comprehensive procedures for the seasonal employee hiring process. Without an adequate hiring process, there is a greater risk that hiring files may not contain the documentation required to support the selection of the employee hired and demonstrate that the best qualified candidate was selected.

**Recommendation**

Develop written procedures for processing seasonal hires, including vacancy posting requirements. Ensure an employment application or other documentation that indicates an applicant meets the minimum position requirements is obtained for all employees.
1. Hiring Process (cont.)

Modify current procedures to ensure retention of adequate documentation of criminal history checks for all employees as required.

Develop and implement a process to verify military credentials and to take veteran and former foster child status into account when rating applicants.

Increase monitoring and enforcement to ensure hiring supervisors follow all of the Agency's hiring procedures and provide additional training as needed. Consider having the Agency's internal management review team include a review of human resources processes for compliance including the above areas.

Management’s Response

We agree with the auditors’ recommendations. We plan to have the necessary corrective actions implemented by December 31, 2012.

2. Form I-9s

Observation

Testing of Form I-9s Employment Eligibility Verification, determined that a significant portion of these forms were not completed accurately and timely in accordance with Department of Homeland Security requirements. Additional instruction and oversight is needed for personnel completing Form I-9s. Specific exceptions noted in our testing include:

- Fourteen of thirty (47%) Form I-9s tested did not have section 1 completed on the employee’s start date as required or timeliness could not be tested due to the form having no signature date. Eleven were completed one day late which management indicated was primarily due to the time spent by some remote employees traveling to College Station on their first day of work for orientation.

- Three of thirty (10%) Form I-9s did not have section 2 completed within four days of the employee’s start date as required. These forms were completed an average of three days late.

- Five of thirty (17%) Form I-9s contained errors including lack of proper issuing authority information for employment authorizations and instances where the employer signed prior to the employee.
2. Form I-9s (cont.)

The Department of Homeland Security, US Citizenship and Immigration Services’ Instructions OMB No. 1615-0047 on Form I-9s has strict compliance requirements related to timeliness and accuracy of the form. Failure to complete the Form I-9s accurately and timely puts the Agency at risk for possible civil and criminal penalties levied according to the Immigration Reform and Control Act of 1986.

Recommendation

Increase monitoring and review of Form I-9s for accuracy and timely completion. Ensure personnel involved with completing and reviewing Form I-9s have received the necessary training and are knowledgeable of Form I-9 completion requirements. Consider having section 1 of the form completed by the employee prior to traveling to College Station for orientation.

Management’s Response

We agree with the auditors’ recommendations. We plan to have the necessary corrective actions implemented by October 31, 2012.

3. Termination Process

Observation

The Agency termination process does not ensure timely removal of access to certain information systems, timely processing of employee personnel action (EPA) forms, and proper documentation of the return of keys for terminated field office employees.

Access to information systems was not removed within one business day following the termination date for two of nine budgeted (22%) and two of ten seasonal (20%) employees having Active Directory/Novell access and four of thirty-three (12%) budgeted and seven of nineteen (37%) seasonal employees having email access. In addition, all four budgeted employees terminated within the past year who had access to the Great Jobs human resources program did not have their access removed until it was identified during the audit which ranged from approximately one month to one year past the employee’s last day worked.

Continued access to Agency systems by terminated employees could result in unauthorized access to confidential data or the misuse of or damage to critical systems and data. This could also damage the Agency’s reputation.
3. Termination Process (cont.)

EPA forms were not completed within five business days following the termination date for four of twenty-five (16%) budgeted employees and thirteen of twenty-five (52%) seasonal employees tested. Seasonal employees are kept active during the year in the event that they are needed again and it was indicated that termination dates for these employees are subjectively determined at some point based on the current fire situation. As a result, in many cases these employees are still shown as active yet they have not worked at the Agency for quite a while. Delayed processing of EPA forms for terminated employee increases the risk that the employee is inappropriately included for payroll processing.

While keys were notated on the out-processing checklist as being returned by terminated Agency employees, supporting documentation indicating specific keys issued to and returned by the employees were not consistently maintained at the field offices. As a result there is an increased risk that all keys were not properly returned which could result in loss of Agency property and equipment.

There are no detailed procedures for the termination process other than the out-processing checklist which does not specify a time period in which termination tasks must be completed or the supporting documentation required for keys returned upon an employee's termination. A separate out-processing checklist used for some seasonal employees does not ensure all necessary termination tasks are properly completed. In addition, out-processing checklists used for budgeted and seasonal employees were not fully completed and signed within one day of the employee's termination date in several instances.

Recommendation

Develop written procedures for processing employee terminations and provide additional training as needed. Specify a time period in which access must be removed and property returned upon an employee's termination. In addition, specify a time limit for termination checklists to be completed and returned to HR and review the checklists upon their return for completeness. Consider adding a "date completed field" for each item on the out-processing checklist to better determine the timeliness of completion.

Require Agency field offices to formally document the issuance and return of keys to better facilitate monitoring and ensure these items are properly returned upon an employee's termination.
3. Termination Process (cont.)

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<th>Human resources files and records are manually maintained creating inefficiencies.</th>
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<td>Improve the process for notifying the Agency Information Technology department of an employee’s termination to allow adequate lead time for the employee’s access to be removed within one business day of the termination date.</td>
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<tr>
<td>Ensure Form 500s/EPAs are processed within five business days of the employee’s termination date. Review the current process for seasonal employees to determine the best timeframe for processing their EPAs if not in compliance with the five business day’s timeframe.</td>
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**Management’s Response**

We agree with the auditors’ recommendations. We plan to have the necessary corrective actions implemented by December 31, 2012.

4. Manual Human Resources Files

**Observation**

The Agency is operating with mostly paper human resources files and records that require manual processing and maintenance. Additional time is also needed to transmit these manual records and files from remote Agency offices to HR which can delay monitoring processes. GreatJobs, an electronic human resources system, is used for processing prospective employee applications but is not used for any other human resources processes or to retain any other electronic human resource records.

The Agency obtained access to use AgriLife’s Laserfiche, an electronic imaging software, approximately two years ago but has not started using it to create electronic records due to a lack of resources resulting from staff turnover and heavy demands during recent fire seasons. Without increasing automation of current human resources processes, the Agency’s HR Department is not operating as efficiently and effectively as possible. In addition, imaging human resources files would allow the ability for HR to store electronic backups of critical HR data in a secure offsite location that could be readily accessed in the event of a disaster.

**Recommendation**

Increase utilization of the Laserfiche and/or GreatJobs systems to create electronic copies of critical human resources records and further automate human resources processes.
Management’s Response

4. Manual Human Resources Files (cont.)

We agree with the auditors’ recommendations. We plan to have the necessary corrective actions implemented by September 30, 2013.

5. Performance Measures

Observation

Task-oriented goals have been set up for the HR department; however, there was no indication that performance measures have been established to measure the achievement of these goals. According to the State Auditor’s Guide to Performance Measure Management issued in March 2012, performance measurement serves a number of external, as well as internal purposes and performance information is used by successful agencies to effectively and efficiently manage their operations. As a result, the report strongly encourages the use of performance measures as an integral part of strategic and operational management.

Recommendation

Establish performance measures to evaluate the achievement of the HR department goals and objectives. Monitor performance on a routine basis and effectively communicate results to management.

Management’s Response

We agree with the auditors’ recommendations. We plan to have the necessary corrective actions implemented by June 30, 2013.
BASIS OF REVIEW

Objective

The overall objective of the audit was to review the processes and controls over the Agency’s human resources processes 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 A&M Forest Service rules and procedures; various other human resource guidelines published by the Texas A&M Forest Service Human Resources department; the State Auditor's Guide to Performance Measure Management, Report No. 12-333; state and federal regulations; 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 Forest Service employs approximately 450 budgeted employees and various seasonal employees as needed in offices across the state including twenty-one district offices, thirteen regional protection offices, and twelve urban forestry and pest management offices among others. Texas A&M Forest Service’s Human Resources department provides oversight and support for human resources processes at all Agency locations. This department is staffed with five HR employees (4.5 FTEs) and had a budget of $285,000 for fiscal year 2012. The head of the department reports organizationally to the Associate Director for Finance and Administration.
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