PROJECT SUMMARY

Overview

Controls established over the non-faculty hiring processes at Texas A&M University need significant improvement in order to provide reasonable assurance that qualified applicants are hired and that the University is operating in compliance with applicable laws, policies, regulations and rules. Improvements need to be made in the verification of applicants' job-related credentials and the administration of the University's "exception to the hire" process. In addition, the University needs to ensure that the results of the hiring interview process are documented.

The University's hiring function for non-faculty is decentralized to approximately 160 departments university-wide. There are approximately 340 human resources liaisons providing human resources functions to the departments across campus. The University's Office of Human Resources provides support in the form of liaison and employee training, liaison network meetings, online information, toolkits and templates, and reminders to others regarding human resources topics.

Summary of Significant Results

Verification of Non-Faculty Job-Related Credentials

The University is not consistently verifying job-related credentials of non-faculty job applicants as required by System regulation. Job-related credentials not verified include educational degrees and military experience. Failure to verify job-related credentials can lead to applicants being hired or employees promoted into positions for which they do not meet the qualifications or do not possess the background they have indicated. During the course of the audit, the University put new processes in place to verify applicant degrees.

Exceptions to the Non-Faculty Hiring Process

The University's "exception to the hire" process is ineffective in ensuring that adequate hiring procedures and controls are followed. In some instances, the appropriate vice president had not approved the "exception to the hire" prior to the applicant being hired. A review of hiring exceptions during fiscal year 2010 resulted in certain cases where job vacancies were not posted as required by law, job-related credentials were not verified, and criminal background checks not performed. A majority of the exceptions to the hiring process were related to promotions or transfers that may not need to go through the entire hiring process. The use of an "exception to the hire" process increases the University's risk for an ineffective and inefficient hiring process.

Summary of Management's Response

The University's Office of Human Resources has reviewed the audit findings and concurs with recommendations for improvements to the non-faculty hiring process. The process to verify applicant degrees has already been implemented. Efforts are currently underway to develop and document hiring rules and procedures for filling positions through transfers and promotions to reduce the need for exceptions and define a more effective "exception to hire" process.

Scope

The review of hiring processes at Texas A&M University focused on the processes, procedures, and practices in place to hire qualified non-faculty employees, including research-related positions, for the period September 1, 2009 through June 30, 2010. Fieldwork was conducted from July to November, 2010.

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. Verification of Non-Faculty Job-Related Credentials

Observation

The University is not consistently verifying job-related credentials of non-faculty job applicants.

The University is not consistently verifying applicants' degrees listed on their employment application. For 41 out of 44 (93%) new hires tested whose applications showed they had a degree, there was no evidence that the degree listed in the application was verified either at the hiring department or Human Resources. System Regulation 33.99.01, Employment Practices, states that "the hiring supervisor or other appropriate person should verify references, previous employment and other job-related credentials before an offer of employment is made." University Rule 33.99.01.M1, Hiring Rules for Non-Faculty Positions, has not been updated to require departments and/or Human Resources to verify degrees or other job-related credentials as part of the hiring process. If degrees are not verified, applicants may be hired or employees promoted into positions for which they do not meet the qualifications.

The University is also not consistently verifying an applicant's military service. In some instances, preference can be given to veterans with qualifying experience if it is requested by the applicant. For 28 out of 29 (97%) employees who were hired that listed military experience on their application, there was no evidence that military service was verified. Texas Government Code Section 657 spells out the circumstances in which applicants shall be given preference in hiring based on veteran's status. University rules do not address the issue of veteran's preference or the verification of an applicant's military service. This increases the risk that the University may be hiring individuals that do not have the military service reported on their application.

During fieldwork, University Human Resources put new processes in place to verify applicant degrees.

Recommendation

Revise University rules to require verification of job-related credentials, including college degrees and military service, as part of the hiring process.

Management's Response

1. Verification of Non-Faculty
   Job-Related Credentials
   (cont.)

Human Resources will revise University Rule 33.99.01.M1, Hiring Rules for Non-Faculty Positions, to add the requirement to verify job-related credentials, including college degrees and military service, as part of the hiring process. As noted, the University has already implemented a process to verify degrees. HR will revise any current documents required for processing the hire through HR to reflect such changes.

It is anticipated that revisions by the Texas A&M University System Offices to System Regulation 33.99.01, Employment Practices, will be approved and distributed by May 2011. Once the System regulation is revised, revisions to the University rule will be submitted within 90 days to University Risk and Compliance for the review and approval process. It is estimated that rule revisions will be submitted by August 31, 2011 with review and approval to be completed by November 30, 2011. All current forms and documents will also be updated by August 31, 2011.

2. Exceptions to the Non-Faculty Hiring Process

Observation

The University's "exception to the hire" process is ineffective in ensuring adequate hiring controls are followed.

The current "exception to the hire" process is ineffective in ensuring compliance with state laws regarding the posting of vacant positions and can result in criminal background checks not being performed or credentials not being confirmed for new hires. Failure to post positions also limits the pool of applicants and does not ensure that the University is getting the most qualified applicant for the job.

During the audit period, 43 employees were hired, transferred or promoted into non-faculty positions without following the normal hiring process via exceptions approved by their respective vice presidents or equivalent. For 19 of the 43 (44%), the vice president approval was not obtained prior to the employee beginning work. Seven of the 43 (16%) employees were considered external applicants including 3 who were in wage positions at the time of their hire. All 43 of these positions were not posted and in 9 of 43 (21%) instances, new criminal background checks were not performed.

State Government Code section 656.001 and System Regulation 33.99.01 require the posting of positions when seeking external candidates. System Regulation 33.99.01 also spells out the situations when criminal background checks should be performed. It is a standard practice of Human Resources to perform updated

2. Exceptions to the Non-Faculty Hiring Process (cont.)

criminal background checks on employees hired through the exception to the hire process. University Rule 33.99.01.M1 allows exceptions to the normal hiring process if approved by a vice president. However, all external postings must follow state law and be posted with the Texas Workforce Commission.

Vice presidents approving the exceptions may not always be aware of the applicable hiring processes and which hiring activities cannot be exempted. Vice presidents may also not be the hiring supervisor and therefore not be aware of when job offers are being extended within their departments.

The University rule governing promotions and transfers may be too restrictive leading to departments seeking exceptions to the hiring process when such exceptions may not be needed. University Rule 31.01.01.M7, Employee Compensation Administration, states that new hires, transfers and promotions should go through the entire hiring process. Developing procedures for promotions and transfers that allow for flexibility in the process while still maintaining compliance with applicable laws, policies and regulations could eliminate the need for the exception to the hire process altogether.

Recommendation

Ensure that all positions open to external applicants are posted in accordance with the Texas Government Code. Develop and document hiring rules and procedures for filling positions through transfers and promotions to reduce or eliminate the need for exceptions. Hiring procedures should include required items such as verification of job-related credentials, completion of a background investigation, completion of reference checks, and delivery of a hiring certificate.

If exceptions are required, they should be reviewed and approved by Human Resources to determine if the exception is appropriate prior to the hire being made. University Rule 33.99.01.M1 should be modified to reflect these changes.

Management's Response

Human Resources will revise University Rule 33.99.01.M1, Hiring Rules for Non-Faculty Positions, to add the requirement to verify job-related credentials, including college degrees and military service; specific language on posting requirements for those vacancies open to external applicants to ensure compliance with the Texas Government Code; and include the requirement that all exceptions must be approved by Human Resources to determine if the exception is appropriate prior to the hire being made. Human

2. Exceptions to the Non-
Faculty Hiring Process
(cont.)

Resources will communicate the changes to processes and requirements as noted.

It is anticipated that revisions by the Texas A&M University System Offices to System Regulation 33.99.01, Employment Practices, will be approved and distributed by May 2011. Once the System regulation is revised, revisions to the University rule will be submitted within 90 days to University Risk and Compliance for the review and approval process. It is estimated that rule revisions will be submitted by August 31, 2011 with review and approval to be completed by November 30, 2011.

Human Resources will revise University Rule 31.01.01.M7, Employee Compensation Administration, to specify ways that positions can be filled though transfers and promotions, as allowed under System regulations, lessening the need for the exception to hire process. These changes will be submitted to University Risk and Compliance by August 31, 2011 with the review and approval process expected to be completed by November 30, 2011.

3. Interview Documentation

Observation

Results of the interview process are not always documented.

For 8 of 66 (12%) non-faculty hiring files reviewed, copies of notes for all applicants interviewed were not maintained and in some cases it was difficult to determine which applicants were interviewed. For 4 of 66 (6%) hiring files reviewed, there were no ratings or score on the hiring matrix associated with the interviews conducted. Without properly documenting the interview questions, answers, and score, the University is unable to prove that the hiring process was followed and that all interviewees were treated equally. Texas A&M University Rule 33.99.01.M1 states that University departments are responsible for retaining copies of applications, interview notes, and allied forms and correspondence for each position listed for a period of two years. Hiring departments certify that they have complied with this rule on the Hiring Process Compliance Checklist.

Because of the decentralized nature of the hiring process at the University, all documentation to support the hire is not consistently forwarded to Human Resources. Human Resources requires anyone who is responsible for making a hiring decision to take an online training class to ensure that hiring supervisors know how to effectively carry out the hiring process in accordance with laws, policies and rules. Human Resources monitors those involved in the hiring process to make sure they have completed training before a position can be posted. The training does not currently have to be repeated increasing the risk that those involved in the

3. Interview Documentation
(cont.)

hiring process, especially hiring supervisors, may not stay current on their overall knowledge of the individual hiring procedures.

Recommendation

Human Resources should periodically review a sample of the hiring files maintained within the departments. For hiring supervisors who fail to maintain proper documentation in the departmental files, Human Resources should notify the supervisors' next level manager to ensure that hiring procedures are followed.

During required training, stress the importance of documenting the results of the interview process. This training should be retaken on a periodic basis by all employees involved in the hiring process.

Management's Response

Human Resources will develop a process for periodically identifying and reviewing a sample of the hiring files maintained within University departments. The process will include a departmental management notification feature in the case of failure to maintain proper documentation. This process will be developed and implemented by August 31, 2011.

Human Resources will change the current online training requirement for hiring supervisors to require the course be retaken on a periodic basis. We propose every two years to conform to other System-required training. We will implement this requirement by August 31, 2011.

We will also expand the discussion and emphasis of the interview documentation process in all other training and materials provided for departments on the hiring process by August 31, 2011.

BASIS OF REVIEW

Objective

> The audit objective was to determine the extent to which the current hiring processes for non-faculty employees are in compliance with applicable laws, policies, regulations and rules, and to ensure that quality candidates with appropriate credentials are hired in an effective and efficient manner.

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 University's hiring function for non-faculty is decentralized to approximately 160 departments university-wide. There are approximately 340 human resources liaisons providing human resources functions to the departments across campus. The University employs approximately 8,900 budgeted staff and graduate assistants and approximately 1,500 wage staff. During the audit period, 780 staff and research positions were filled as a result of the hiring process. The University's Office of Human Resources provides support in the form of liaison and employee training, liaison network meetings, online information, toolkits and templates, and reminders to others regarding human resources topics.

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