



PRINCE WILLIAM COUNTY, VIRGINIA

**Prince William County, Virginia  
Internal Audit of  
Human Resources: Hiring Process**

**Prepared By:  
Internal Auditors**

**August 26, 2014**

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August 26, 2014

The Audit Committee of  
Prince William County, Virginia  
1 County Complex Court  
Prince William, Virginia 22192

Pursuant to the approved internal audit plan for fiscal year (FY) 2013/2014 for Prince William County, Virginia (the "County"), we hereby present the internal audit of Human Resources: Hiring Process for the County. We will be presenting this report to the Audit Committee of Prince William County at the next scheduled meeting on September 9, 2014. Our report is organized in the following sections:

<b>Executive Summary</b>	This provides a summary of the issues and observations related to our internal audit of Human Resources: Hiring Process.
<b>Background</b>	This provides an overview of the hiring process.
<b>Objectives and Approach</b>	The internal audit objectives and focus are expanded upon in this section as well as a review of the various phases of our approach.
<b>Issues Matrix</b>	This section gives a description of the items noted during our internal audit and recommended actions as well as management's response, responsible party and estimated completion date.
<b>Process Map</b>	This section provides a process map depicting the flow of the County's hiring process.

We would like to thank the staff and all those involved in assisting the Internal Auditors in connection with the internal audit of Human Resources: Hiring Process.

Respectfully Submitted,

*McGladrey LLP*

**INTERNAL AUDITORS**

## **Executive Summary**

# Executive Summary

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The Prince William County Human Resources (“HR”) Department is a centralized function that serves over 30 departments and agencies. Twenty three (23) staff members serve approximately 4,000 employees, which include 3,600 regular full-time and 303 part-time employees, in the areas of recruitment and retention, classification and compensation, benefits administration, training & development and the human resource information system (“HRIS”). The recruitment process was the focus of this project and is the responsibility of the Recruitment and Retention Division.

The Recruitment and Retention division is led by a manager and staffed with 4 HR analysts that each supports 7 to 9 departments. Every department has 2 or more representatives designated as “HR Liaisons” that coordinate with HR Analysts during the entire hiring process. This Liaison Program model serves as the foundation for a formal strategic partnership and process the HR department formed with all County departments and agencies. The HR Liaison Program model started in 2012 and the goal was to expand Recruitment and Retention’s existing relationship so that HR Liaisons would receive current, consistent messaging from every area of Human Resources. In turn, HR Liaisons become empowered to better support their departmental efforts to provide services to citizens.

The following section provides a summary of the issues identified during our procedures. We have assigned relative risk factors to each issue identified. A summary of issues identified and their relative risk rating is provided below. This is the evaluation of the severity of the concern and the potential impact on the operations. There are many areas of risk to consider including financial, operational, and/or compliance as well as public perception or ‘brand’ risk when determining the relative risk rating. Items are rated as High, Moderate, or Low.

- *High Risk Items* are considered to be of immediate concern and could cause significant operational issues if not addressed in a timely manner.
- *Moderate Risk Items* may also cause operational issues and do not require immediate attention, but should be addressed as soon as possible.
- *Low Risk Items* could escalate into operational issues, but can be addressed through the normal course of conducting business.

The details of these issues are included within the Issues Matrix section of this report.

Issues	Risk Rating
1. Human Resource Staffing and Impact	High
<b>Position Vacancies</b>	
Once a new position is approved through the County’s budgeting process or an existing position is vacated, a vacancy is created in the human resource information system (HRIS), the County’s personnel system. Department HR Liaisons and hiring managers initiate the hiring process by converting the vacancy in HRIS into a requisition in NEOGOV, an automated applicant tracking system. The Recruitment and Retention Division cannot take action to assist with filling a position until a department converts a vacancy in HRIS to a requisition in NEOGOV. Only after the requisition is created, can HR Analysts coordinate with Liaisons to create an advertisement using the information in the requisition. As of June 30, 2014, we noted the following:	
Submitted - Active Recruitment	151
Not Submitted	46
Total Vacancies	197
Not Submitted – No Pending Action	37
Vacant for Over 6 Month	40
Vacant for Over 1 Year	20

# Executive Summary - continued

Issues	Risk Rating
1. Human Resource Staffing and Impact - continued	High

## Position Vacancies - continued

Although HR provides the departments monthly vacancy reports that include the status of all vacancies, there is a lack of formalized collaboration between the HR Analysts and department HR Liaisons regarding action needed for converting a vacant position in HRIS into a requisition in NEOGOV. This reactive process creates the potential for vacancies to remain open for an extended period of time. Also, the informal monitoring contributes to a lack of awareness among departments that they need to take timely action on vacant positions. The risks of not filling needed County positions are as follows:

- Non-performance of required control activities and monitoring to help ensure County directives are carried out;
- Inability to meet public expectations;
- Inability to maintain adequate department workforce to carry out its mission; and
- Failure to successfully meet department objectives jeopardizes the County's creditability.

## Performance Metrics

HR metrics and measurement data help organizations understand the impact of HR activities and identify areas of concern. Beyond measuring the effectiveness of HR activities on HR functional areas (e.g., recruiting, retention), HR metrics can give organizations a picture of how HR activities support the organization's financial and operating goals.

Recruitments Assigned to a Recruiter at Any Given Time	
Prince William County	Public Sector Average*
37	6 or fewer
Time to Hire	
Prince William County	Public Sector Average*
90 days	63 days

\*International Public Management Association for HR Benchmarking Survey: Recruitment: Sponsored by NEOGOV (2013)

Time to Hire averages can vary greatly depending on the type and level of the position being recruited. The Recruitment and Retention Division's current goal is 90 days for 90% of positions, a metric that was met on average 94% during FY 2013-14. However, the County's HR performance metrics underperform when compared to national averages.

Current staffing limits the HR department's ability to be in line with public sector national averages, which can limit the function's ability to grow and become more robust to meet the changing needs of the Departments with the goals and objectives of the County.

## HR Staffing Ratio

### HR Staff to Employee Ratio

As reported in the 2013 International Public Management Association for Human Resources Benchmarking Survey: Recruitment Sponsored by NEOGOV, the national average for the ratio of HR staff to employee for organizations with 1,000 to 4,999 employees ranges from 1 HR professional for 76 to 125 employees. A history of the County's HR Department's staffing ratio is as follows:

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
FTE Positions	3,645	3,714	4,172	4,272
HR FTE	18.50	18.50	23.50	23.50
Ratio	1 to 197	1 to 201	1 to 178	1 to 182

The County's staffing is significantly lower as compared to the national average for public sector entities.

## Executive Summary - continued

Issues						Risk Rating
<b>1. Human Resource Staffing and Impact - continued</b>						High
<b>HR Staffing Ratio - continued</b>						
<u>Comparable Virginia Government Entities HR Staff to Employee Ratio</u>						
	Fairfax County	City of Alexandria	Loudoun County	Arlington County	Prince William County	
<b>FTE Positions</b>	12,326	2,537	3,640	3,837	<b>4,272</b>	
<b>HR FTE</b>	76	25	30	52	<b>23.50</b>	
<b>Ratio</b>	1 to 162	1 to 102	1 to 121	1 to 74	<b>1 to 182</b>	
<p>The County's staffing is lower than all (and significantly lower than most) of the comparable Virginia government entities.</p> <p>Inadequate staffing can adversely impact completion of timely and/or accurate compliance requirements and County objectives contingent on:</p> <ul style="list-style-type: none"><li>• staffing, employment and recruitment;</li><li>• training and development, and</li><li>• employee benefits.</li></ul> <p>The County should consider the impact their HR staffing ratio (lower than industry standard and peer municipalities) may be having on compliance requirements, and possible County objectives related to key positions not being filled. We also recommend that the County:</p> <ul style="list-style-type: none"><li>• Reassess performance metrics with the goal of being closer to national averages.</li><li>• Further and deepen their engagement with the departments as it relates to position vacancies. Position vacancies should be formally monitored by the HR Analysts and HR Liaisons, and include a performance metric for the conversion of a vacancy in HRIS into a requisition in NEOGOV.</li><li>• Develop clear guidance and policies on monitoring position vacancies, with the new guidance to include actions to be taken on a position vacancy that has been open after certain periods of time.</li></ul>						
<b>2. Policies and Procedures</b>						Low
<p>Some of the County's HR policies were recently updated, but some have not been updated for the past 10 to 20 years (e.g., one policy was last updated in 1983). Up to date policies in accordance with current laws, regulations and best practice are important for the efficient, effective and compliant operation of any public sector function, especially a highly regulated function like HR. Policies that are current capture existing operations, reflect organizational changes, and facilitate compliance with regulatory or legislative changes. The HR Director is aware of this issue and is in the process of updating all of HR's policies.</p> <p>The HR Department should continue the project to update all of its policies and procedures. The department should also consider policy automation tools, such as the tool used by decentralized/hybrid departments, which manage policy development and updating of workflows and policy databases.</p>						

## **Background**

# Background

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## Overview

The Prince William County Human Resources ("HR") Department is a centralized department that serves over 30 departments and agencies. Twenty three (23) staff members serve approximately 4,000 employees, which include 3,600 regular full-time and 303 part-time employees, in the areas of recruitment and retention, classification and compensation, benefits administration, training & development and the human resource information system ("HRIS"). The recruitment process was the focus of this project and is the responsibility of the Recruitment and Retention Division. Recruitment and Retention works to achieve the following goals:

- Provide timely recruitment and selection services that meet the needs of departments in order to attract and retain highly qualified employees committed to being part of the team and living the County's vision and values.
- Consult with departments to address and resolve workplace issues which interfere with employee and department performance in accordance with all applicable laws, policies, and practices.

The following shows the number of regular full-time and part-time hires per year:

	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
<b>Full-time hires</b>	484	508	499	556
<b>Part-time hires</b>	36	31	29	22
<b>Total hires</b>	520	539	528	578

It should be noted that the number of hires does not include 404 temporary, exempt, and Public Safety promotions and hires that require HR Analysts' approval outside of the NEOGOV Applicant Tracking System. When adding these to the total centralized hires reported in the chart, the workload per HR Analyst is even further from recommended ratios of workload per HR Analyst.

As of June 30, 2014, the County has a total of 197 position vacancies (259 positions with pending offers), which represents 5% of total authorized FTEs. The Police Department has the highest vacancy rate of 21% with 41 vacancies. As of June 30, 2014, 20 of the 197 position vacancies (10%) have been vacant for more than 1 year, which also includes exempt agencies, as follows:

*Exempt agencies are exempt from county ordinance and personnel regulations except where otherwise provided, and shall serve at the pleasure of their appointing authorities except where otherwise provided by law. As such, they perform their own hiring.*

Department	# of Positions	Comment
Adult Detention Center	1	Exempt Agency
Board of County Supervisors	3	Exempt Agency
Clerk of the Court	1	Position is pending adoption of state funding
Department of Information Technology	3	2 positions have been filled; remaining position is in the interview process
Parks and Recreation	2	1 position has been filled; remaining is being reclassified
Police	1	Position has been filled
Public Works	2	Recruitment in process
Transportation	7	6 unfunded positions have been identified for elimination in the FY 2015-16 budget
<b>Total</b>	<b>20</b>	

During the recession of the past few years, the unemployment rate in the Washington D.C. metro area was continuously lower than the national unemployment rate, and the County was no exception. The County's unemployment rate as of December 2013 is 4.3%, versus the national unemployment rate of 6.5% as of the same date. It will continue to be difficult for the county to compete with private sector employers and other jurisdictions in attracting top talent, especially candidates with in-demand skills in the area of information technology, due to other employers' ability to be more flexible with factors such as compensation. A high demand for skill sets such as software engineering, application development, and data analytics has also contributed to the County's vacancies.

## Background - continued

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### Overview - continued

The Recruitment and Retention division exceeded their FY 2013-14 goal of filling 90% of all vacancies by 90% of the time. Exceptions to meeting the 90 days to hire goal were primarily attributed to challenges with filling positions in the Department of Information Technology ("DOIT"). Multiple groups of candidates were interviewed before a candidate with the desired IT skill sets was found. Additional recruitment challenges exist with positions that require significant qualifications (e.g., certifications or licenses), but have salaries below market levels or the department has not made a request to hire above mid-range due to internal equity of salaries concerns (e.g. Radio Communication Technicians). Due to workforce growth, changes in leadership and staff, there continues to be increased demands for Recruitment Analysts to deliver recurring employment training programs, such as interviewing, hiring process assistance, monthly HR Liaison training and regularly scheduled lunch and learn programs.

### Organization and Structure

The Recruitment and Retention division is led by a manager and staffed with 4 HR analysts; each supporting 7 to 9 departments. Every department has 2 or more representatives designated as "HR Liaisons" that coordinate with HR analysts during the entire hiring process. This liaison model served as the foundation for a formal strategic partnership and program the entire HR department formed with all County departments and agencies. The HR Liaison Program started in 2012 with the goal to expand Recruitment and Retention's existing relationships so that Liaisons would receive current, consistent messaging from every area of Human Resources. In turn, Liaisons become empowered to better support their departmental efforts to provide services to citizens.

In 2013, over a dozen process improvements in the Classification Study process and the Recruitment Process were vetted through the Liaisons leading to process efficiencies. After obtaining feedback, HR utilized the Liaisons in focus groups as the department re-engineered processes and again as a test group before going live with the new processes. This was mutually beneficial as it allowed HR to improve processes based on the real needs of the agencies and departments.

Examples of success in the recruitment process include:

- *NEOGOV Implementation* – NEOGOV is an automated applicant tracking system that automates a majority of the recruiting process. In some organizations, solutions such as NEOGOV are implemented by the primary users without consulting secondary users (i.e., County department Liaisons). The HR Liaison Program facilitated frequent communication with the departments during the requirements gathering and testing phases, ensuring that department staff would use the system on a regular basis.
- *Recruitment forms and processes* – Eight (8) forms and processes were improved, one of which was the Justification Memo used to support candidate selection. Prior to the improvement, each department used its own format to justify hiring a candidate and the information provided was inconsistent. HR Analysts often needed to send the memo back to departments for clarification or more information, ultimately delaying the hiring process. The standardized memo addressed all of these issues and resulted in a significant reduction in the number of memos sent back to departments.
- *Supplemental Questions* – Supplemental questions are a critical filter in the recruiting process because early in the process they eliminate candidates who do not meet required qualifications. Eliminating unqualified candidates early in the process prevents HR Analysts from reviewing resumes for candidates that are inappropriate for the position and ensures hiring managers interview candidates that can actually perform the position's responsibilities. These benefits are dependent on well written supplemental questions that accurately capture position requirements. For example, a lesson learned through HR Liaison feedback was that asking a candidate if they have specific Excel skills (e.g., advanced statistics, pivot tables) is a better filter than asking a candidate to rate their Excel skills from 1 to 5.
- *Vacancy Reports* – Recruitment and Retention distributes a monthly report to all departments that provides the status of all vacancies (e.g., No Current Action, Ad Posted, Interviews in Progress) and the statistics for Countywide staffing activities.
- Reduction in phone calls to HR relating to all issues covered during Liaison meetings and programs.

## **Background - continued**

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### **Organization and Structure – continued**

Effective March 2010 Recruitment and Retention division used NEOGOV to automate the entire hiring and selection process from requisition to hire, replacing a labor intensive, manual process that was inherently prone to risk and loss of documentation. The County has realized a number benefits since implementation, the greatest of which is a reduction in the time to hire, measured from the date a job advertisement is posted to the date an offer is made.

### Centralized and Decentralized HR Models

While all departments are assigned HR Analysts and have designated HR Liaisons, not all departments use a centralized recruitment process. Departments with unique hiring needs such as public safety departments (e.g., Police, Fire & Rescue), Parks & Recreation, and the Circuit Court Judges use certain systems and tools provided by the Recruitment and Retention Division, but ultimately manage their own recruiting processes. Currently 24 of 31 departments (77%) utilize the centralized recruitment process, 3 of 31 departments (10%) have a decentralized recruitment process and 4 of 31 departments (13%) utilized a hybrid approach.

### Centralized Hiring Process

Department HR Liaisons and hiring managers initiate the hiring process by completing a requisition in NEOGOV. It is important to note that the ***Recruitment and Retention Division does not have responsibility for an open position until a department converts a vacancy in HRIS to a requisition in NEOGOV.*** After the requisition is created, HR Analysts coordinate with Liaisons to create an advertisement using the information in the requisition. The job advertisements are usually posted for a 14-day period. Once this posting time closes, the recruitment process begins with a thorough evaluation process of all candidates that applied. While not required for every candidate, the applicant evaluation process includes a Subject Matter Expert (SME) review, background check, reference check, history of education review and finally a candidate interview. Some positions require a more thorough evaluation process while others may only require minimal evaluation. Once the interview process is complete, the hiring decision is made. All hired applicants begin their on-boarding process which includes accepting an Offer Letter, filling out all necessary tax forms and, if necessary, attending all necessary orientation requirements. Employee files are maintained at the HR office and should contain all necessary hiring documentation including, but not limited to, Personnel Action Form (PAF), hiring Justification Memo and any necessary salary calculations. A detailed process map of the hiring process is included within the report.

### Decentralized Hiring Process Summary

The majority of decentralized departments use NEOGOV to post open positions, but once a position is posted the use of NEOGOV varies. Certain departments continue to use NEOGOV workflows, but the recruiting process is managed by the department's staff as opposed to an HR Analyst. Other departments continue to use manual processes once a position is posted, but some of these departments plan to migrate to NEOGOV. HR approves the personnel action forms only.

### Hybrid Hiring Process Summary

Recruitment and selection process for Police Officers, F&R Technicians, Parks & Recreation seasonal positions and the Board of County Supervisor positions are decentralized to these agencies; the remaining Police, Fire and Parks Full and part-time positions are centralized in HR. Exempt agencies, such as the Board of County Supervisors and the Registrar, may utilize full or no assistance from the Recruitment and Retention Division in the advertising and recruitment process.

## Background - continued

### Organization and Structure – continued

#### Centralized and Decentralized HR Models -continued

Industry literature discussed the pros and cons of the 2 approaches to recruitment and selection as follows:

	Centralized	Decentralized
Pros	<ul style="list-style-type: none"><li>• More likely to be neutral</li><li>• More likely to be equitable</li><li>• More likely to be consistent</li><li>• HR professionals administer processes</li><li>• Efficiencies through economies of scale</li><li>• Tight controls can be established</li></ul>	<ul style="list-style-type: none"><li>• More department and office autonomy</li><li>• More streamlined</li><li>• Needs of departments and offices prevail</li><li>• More likely to be flexible</li></ul>
Cons	<ul style="list-style-type: none"><li>• Can be rigid regarding rules/processes</li><li>• Can be complex</li><li>• Can be slow</li><li>• Can be unresponsive</li></ul>	<ul style="list-style-type: none"><li>• Increase opportunities for inequities</li><li>• Can be inconsistent</li><li>• Staff could lack technical knowledge</li><li>• Lose economies of scale</li><li>• Controls are more difficult to implement</li></ul>

### Communication between HR and Departments

In order to enhance communication with departments, quarterly meetings between the Recruitment Division and Liaisons were changed to regularly scheduled monthly meetings with representatives from all HR divisions including Benefits, Recruitment, Classification & Compensation, Training & Development, and HRIS. Overall HR also needed an avenue to enhance communication with departments because current communications which relied on emails, intranet postings and voluntary group meetings did not consistently provide timely HR information. These new monthly meetings provide a venue where HR can introduce new programs and procedures, review policies, share announcements, bring in subject matter experts and provide training on a regular scheduled basis. Liaisons receive the most timely and accurate HR information which they can confidently share with staff in their agencies. Liaisons are all provided with the same information at the same time, thus allowing for consistent messaging. Liaisons also become partners in process improvement and their questions and concerns are addressed in a timely manner.

The program has also proved extremely beneficial to HR staff. Monthly Liaisons meetings have provided an on-going opportunity for the HR divisions to learn more about the activities and projects of their HR colleagues, making the entire HR staff better equipped to assist customers outside their primary areas of expertise.

This initiative has increased efficiencies throughout the HR Department. By having a dedicated partner from each HR division, the Liaison knows who to contact with HR related questions and HR is familiar with the unique needs and staffing challenges of their assigned departments. This relationship also provides HR staff with the knowledge of who to contact in every department as issues arise.

### Benchmarking

#### HR Staff to Employee Ratio

As reported in the 2013 International Public Management Association for Human Resources Benchmarking Survey: Recruitment Sponsored by NEOGOV, the national average for the ratio of HR staff to employee for organizations with 1,000 to 4,999 employees ranges from 1 HR professional for 76 to 125 employees. A history of the County's HR Department's staffing ratio is as follows:

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
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<b>HR FTE</b>	18.50	18.50	23.50	23.50
<b>Ratio</b>	1 to 197	1 to 201	1 to 178	1 to 182

The County's staffing is significantly lower as compared to the national average for public sector entities.

## Background - continued

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### Benchmarking - continued

#### HR Staff to Employee Ratio - continued

It should be noted that the number of applications received in past 3 fiscal years have increased from 30,000 to 56,000. Also, the Parks & Recreation merger 2 years ago increased the Recruitment staffs' responsibility. Recruitment and Retention Division assumed responsibility for transitioning existing Park Authority staffing programs, training staff on County systems, policies and procedures and the transition to a new Applicant Tracking system for seasonal summer hires to ensure timely staffing for all parks, pools and summer camps

#### Comparable Virginia Government Entities HR Staff to Employee Ratio

The County's HR Department staffing ratio was benchmarked to comparable Virginia government entities as proposed for FY 2014-15 and the results are as follows:

	Fairfax County	City of Alexandria	Loudoun County	Arlington County	Prince William County
<b>FTE Positions</b>	12,326	2,537	3,640	3,837	<b>4,272</b>
<b>HR FTE</b>	76	25	30	52	<b>23.50</b>
<b>Ratio</b>	1 to 162	1 to 102	1 to 121	1 to 74	<b>1 to 182</b>

The County's staffing is lower than all (and significantly lower than most) of the comparable Virginia government entities.

### Performance Metrics

Recruitments Assigned to a Recruiter at Any Given Time	
Prince William County	Public Sector Average*
37	6 or fewer
Time to Hire	
Prince William County	Public Sector Average*
90 days	63 days

\*International Public Management Association for HR Benchmarking Survey: Recruitment: Sponsored by NEOGOV (2013)

Time to Hire averages can vary significantly depending on the type and level of the position being recruited. The Recruitment and Retention Division's current goal is 90 days for 90% of positions, a metric that was met on average 94% during FY 2013-14. However, the County's HR performance metrics underperform when compared to national averages.

### **Applicable Laws, Regulations, and Policies and Procedures**

The Federal government has many laws that the County must comply with regarding recruiting, hiring, and employment related issues. They include, but are not limited to, Equal Pay Act of 1963 (EPA), Title VII of the Civil Rights Act of 1964, Age Discrimination in Employment Act of 1967 (ADEA), Americans with Disabilities (ADA) of 1990, Civil Rights Act of 1991, Lilly Leadbetter Act of 2009.

In addition to these, the County also follows Personnel Policies 6 through 9 that dictate requirements for recruiting, interviewing, and hiring. The County's guidance also includes detailed training covering the recruiting and hiring process. This training is intended for use by managers in all County department personnel responsible for recruiting and hiring candidates. In addition to the training, Recruitment and Retention maintains section of the County's intranet, PWConnects, and provides numerous process maps, forms, and procedure guidance (e.g., FAQs)

## **Objectives and Approach**

# **Objectives and Approach**

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## **Objectives**

The objectives of this internal audit were to:

- Validate that controls over the hiring process at the departments include procedures and documents to assess that the data used to evaluate applicants and select new hires are adequate and in compliance with County policies and procedures.
- Evaluate processes and procedures surrounding the four broad steps in the hiring process; job posting, recruiting, making the offer of employment and on-boarding.
- Identify and assess the effectiveness of the timely and accurate gathering and loading of employee-related data into StarGarden HR Suite.
- Determine that the records, documentation and new hire folders at the departments are sufficiently maintained to establish an audit trail for all new hires.
- Identify differing practices for new hires at individual departments and identify best practices for the new hire selection and on-boarding.
- Evaluate the procedures around job vacancies and whether the hiring process is in line to ensure those positions don't go unfilled.

## **Approach**

Our audit approach consisted of the following 3 phases:

### *Understanding and Documentation of the Process*

During this phase, we conducted interviews with the County's Acting HR Director to discuss the scope and objectives of the audit work, obtained preliminary data, and established working arrangements. We also obtained copies of and reviewed policies, procedures and other documents applicable to the hiring/on-boarding function. We then interviewed the Employment Manager, HR Analysts and HRIS Manager to obtain an understanding of their duties, identify risks, identify applicable controls, and develop our test plan relating to the centralized HR departments. In addition, we conducted interviews with the HR Liaison from the Department of Parks and Recreation, the Police Sergeant from the Police Department, the Battalion Chief from the Department of Fire and Rescue and Human Resources Sergeant from the Adult Detention Center to obtain an understanding of their duties, identify risks, identify applicable controls, and develop our test plan relating to the decentralized HR departments. We selected 25 new hire samples for the execution of our detailed testing, ensuring that we covered both the centralized and decentralized HR departments. The samples were selected based on department type, department name and position title.

### *Detailed Testing*

The purpose of this phase was to test compliance and internal controls based on our understanding of the hiring/on-boarding process. During this phase, we conducted interviews with responsible personnel at the selected departments, who have responsibilities related to job posting, recruiting, making the employment offer and on-boarding, and documented their respective roles in the process. The phase also included the execution of applicable tests of compliance and controls around hiring records and transactions for the departments selected. The time period covered by testing was July 1st, 2013 through April 8th, 2014. Our fieldwork was conducted at the department sites where we utilized sampling and other auditing techniques to meet our audit objectives outlined above. Specific procedures performed include:

- Assessing hiring/on-boarding at the departments;
- On-site visit and inquiry of department personnel to obtain detailed documentation of the process;
- Testing of job posting, candidate selection, steps in the evaluation process and the resulting selection of the new hire;
- Testing of on-boarding paperwork completed by the new hire including review of employee file.
- Review of forms utilized; and
- Testing of appropriate review and approval of new hire documentation by the Department Heads/Managers.

### *Reporting*

At the conclusion of this audit, we summarized our findings related to the timekeeping process. We have reviewed the results of our testing with the appropriate persons in Management.

## **Issues and Recommendations Matrix**

# Issues and Recommendations Matrix

## Hiring Process

Rating	Issue																					
High	<b>1. Human Resource Staffing and Impact</b>																					
	<p>The County's HR Department is a centralized function that serves over 30 departments and agencies. Twenty three (23) staff members serve over 4,000 employees, which include 3,600 regular full-time and 303 part-time employees, in the areas of recruitment and retention, classification and compensation, benefits administration, training &amp; development and HRIS.</p> <p style="text-align: center;"><b>Position Vacancies</b></p> <p>Once a new position is approved through the County's budgeting process or an existing position is vacated, a vacancy is created in the human resource information system (HRIS), the County's personnel system. Department HR Liaisons and hiring managers initiate the hiring process by converting the vacancy in HRIS into a requisition in NEOGOV, an automated applicant tracking system. The Recruitment and Retention Division cannot take action to assist with filling a position until a department converts a vacancy in HRIS to a requisition in NEOGOV. Only after the requisition is created, can HR Analysts coordinate with Liaisons to create an advertisement using the information in the requisition. As of June 30, 2014, we noted the following:</p> <table border="1"><tbody><tr><td>Submitted - Active Recruitment</td><td>151</td><td>77%</td></tr><tr><td>Not Submitted</td><td>46</td><td>23%</td></tr><tr><td>Total Vacancies</td><td>197</td><td></td></tr><tr><td></td><td></td><td></td></tr><tr><td>Not Submitted – No Pending Action</td><td>37</td><td>19%</td></tr><tr><td>Vacant for Over 6 Month</td><td>40</td><td>20%</td></tr><tr><td>Vacant for Over 1 Year</td><td>20</td><td>10%</td></tr></tbody></table> <p>Although HR provides the departments monthly vacancy reports that include the status of all vacancies, there is a lack of formalized collaboration between the HR Analysts and department HR Liaisons regarding action needed for converting a vacant position in HRIS into a requisition in NEOGOV.</p> <p>This reactive process creates the potential for vacancies to remain open for an extended period of time. Also, the informal monitoring contributes to a lack of awareness among departments that they need to take timely action on vacant positions.</p> <p>The risks of not filling needed County positions are as follows:</p> <ul style="list-style-type: none"><li>• Non-performance of required control activities and monitoring to help ensure County directives are carried out;</li><li>• Inability to meet public expectations;</li><li>• Inability to maintain adequate department workforce to carry out its mission; and</li><li>• Failure to successfully meet department objectives jeopardizes the County's creditability.</li></ul>	Submitted - Active Recruitment	151	77%	Not Submitted	46	23%	Total Vacancies	197					Not Submitted – No Pending Action	37	19%	Vacant for Over 6 Month	40	20%	Vacant for Over 1 Year	20	10%
Submitted - Active Recruitment	151	77%																				
Not Submitted	46	23%																				
Total Vacancies	197																					
Not Submitted – No Pending Action	37	19%																				
Vacant for Over 6 Month	40	20%																				
Vacant for Over 1 Year	20	10%																				

# Issues and Recommendations Matrix

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## Hiring Process - continued

Rating	Issue																				
High	<b>1. Human Resource Staffing and Impact - continued</b>																				
<b>Performance Metrics</b>																					
<p>HR metrics and measurement data help organizations understand the impact of HR activities and identify areas of concern. Beyond measuring the effectiveness of HR activities on HR functional areas (e.g., recruiting, retention), HR metrics can give organizations a picture of how HR activities support the organization's financial and operating goals.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="background-color: #6699CC; color: white;">Recruitments Assigned to a Recruiter at Any Given Time</th></tr> </thead> <tbody> <tr> <td>Prince William County</td><td>Public Sector Average*</td></tr> <tr> <td>37</td><td>6 or fewer</td></tr> <tr> <th colspan="2" style="background-color: #6699CC; color: white;">Time to Hire</th></tr> <tr> <td>Prince William County</td><td>Public Sector Average*</td></tr> <tr> <td>90 days</td><td>63 days</td></tr> </tbody> </table>		Recruitments Assigned to a Recruiter at Any Given Time		Prince William County	Public Sector Average*	37	6 or fewer	Time to Hire		Prince William County	Public Sector Average*	90 days	63 days								
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<p>*International Public Management Association for HR Benchmarking Survey: Recruitment: Sponsored by NEOGOV (2013)</p> <p>Time to Hire averages can vary greatly depending on the type and level of the position being recruited. The Recruitment and Retention Division's current goal is 90 days for 90% of positions, a metric that was met on average 94% during FY 2013-14. However, the County's HR performance metrics underperform when compared to national averages.</p> <p>Current staffing limits the HR department's ability to be in line with public sector national averages, which can limit the function's ability to grow and become more robust to meet the changing needs of the Departments with the goals and objectives of the County.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="background-color: #6699CC; color: white;">HR Staffing Ratio</th></tr> </thead> </table>		HR Staffing Ratio																			
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<p><u>HR Staff to Employee Ratio</u></p> <p>As reported in the 2013 International Public Management Association for Human Resources Benchmarking Survey: Recruitment Sponsored by NEOGOV, the national average for the ratio of HR staff to employee for organizations with 1,000 to 4,999 employees ranges from 1 HR professional for 76 to 125 employees. A history of the County's HR Department's staffing ratio is as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th><th style="background-color: #6699CC; color: white;">FY 2011-12</th><th style="background-color: #6699CC; color: white;">FY 2012-13</th><th style="background-color: #6699CC; color: white;">FY 2013-14</th><th style="background-color: #6699CC; color: white;">FY 2014-15</th></tr> </thead> <tbody> <tr> <td><b>FTE Positions</b></td><td>3,645</td><td>3,714</td><td>4,172</td><td>4,272</td></tr> <tr> <td><b>HR FTE</b></td><td>18.50</td><td>18.50</td><td>23.50</td><td>23.50</td></tr> <tr> <td><b>Ratio</b></td><td>1 to 197</td><td>1 to 201</td><td>1 to 178</td><td>1 to 182</td></tr> </tbody> </table> <p>The County's staffing is significantly lower as compared to the national average for public sector entities.</p>			FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	<b>FTE Positions</b>	3,645	3,714	4,172	4,272	<b>HR FTE</b>	18.50	18.50	23.50	23.50	<b>Ratio</b>	1 to 197	1 to 201	1 to 178	1 to 182
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# Issues and Recommendations Matrix

## Hiring Process

Rating	Issue																								
High	<b>1. Human Resource Staffing and Impact - continued</b>																								
	<b>HR Staffing Ratio - continued</b>																								
	<u>Comparable Virginia Government Entities HR Staff to Employee Ratio</u> The County's HR Department staffing ratio was benchmarked to comparable Virginia government entities as proposed for FY 2014-15 and the results are as follows:																								
	<table border="1"><thead><tr><th></th><th>Fairfax County</th><th>City of Alexandria</th><th>Loudoun County</th><th>Arlington County</th><th>Prince William County</th></tr></thead><tbody><tr><td><b>FTE Positions</b></td><td>12,326</td><td>2,537</td><td>3,640</td><td>3,837</td><td><b>4,272</b></td></tr><tr><td><b>HR FTE</b></td><td>76</td><td>25</td><td>30</td><td>52</td><td><b>23.50</b></td></tr><tr><td><b>Ratio</b></td><td>1 to 162</td><td>1 to 102</td><td>1 to 121</td><td>1 to 74</td><td><b>1 to 182</b></td></tr></tbody></table>		Fairfax County	City of Alexandria	Loudoun County	Arlington County	Prince William County	<b>FTE Positions</b>	12,326	2,537	3,640	3,837	<b>4,272</b>	<b>HR FTE</b>	76	25	30	52	<b>23.50</b>	<b>Ratio</b>	1 to 162	1 to 102	1 to 121	1 to 74	<b>1 to 182</b>
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	The County's staffing is lower than all (and significantly lower than most) of the comparable Virginia government entities.  Inadequate staffing can adversely impact completion of timely and/or accurate compliance requirements and County objectives contingent on: <ul style="list-style-type: none"><li>• staffing, employment and recruitment;</li><li>• training and development, and</li><li>• employee benefits.</li></ul>																								
	<b>Recommendation</b>  The County should consider the impact their HR staffing ratio (lower than industry standard and peer municipalities) may be having on compliance requirements, and possible County objectives related to key positions not being filled. We also recommend that the County: <ul style="list-style-type: none"><li>• Reassess performance metrics with the goal of being closer to national averages.</li><li>• Further and deepen their engagement with the departments as it relates to position vacancies. Position vacancies should be formally monitored by the HR Analysts and HR Liaisons, and include a performance metric for the conversion of a vacancy in HRIS into a requisition in NEOGOV.</li><li>• Develop clear guidance and policies on monitoring position vacancies, with the new guidance to include actions to be taken on a position vacancy that has been open after certain periods of time.</li></ul>																								

## Issues and Recommendations Matrix - continued

### Hiring Process - continued

Rating	Issue
High	<p><b>1. Human Resource Staffing and Impact - continued</b></p> <p><b>Management's Response</b></p> <p><b>Response:</b> HR recognizes the importance of reassessing performance metrics with the goal of being closer to national averages as well as ongoing improved collaboration and proactive approaches to fill position vacancies in a timely manner. It is noteworthy that in addition to metrics which attest to County HR staffing levels, which are lower than comparable government entities, Recruitment's workload is further challenged by the following additional demands which continue to negatively impact efforts to meet the Public Sector Average for "Time to Hire" without additional resources.</p> <ul style="list-style-type: none"><li>• Assumption of the Criminal History Background Check Program. The program begun in 2011 as a pilot for DOIT staff. It has expanded to over 150 annual checks in over a dozen agencies. The Program continues to grow in complexity as it impacts hiring processes and issues related to data security and potential litigation must be assessed.</li><li>• 100% increase in the number of applications received in the past 3 fiscal years.</li><li>• The Parks &amp; Recreation merger increased Recruitment staff's responsibility for another <b>major</b> County agency, which provides highly visible community services through its recreation centers, parks, pools and summer camps.</li><li>• Due to workforce growth and changes in leadership, there continues to be increased demands for Recruitment staff to deliver recurring employment training programs to include: Interviewing, the PWC Hiring Process, monthly HR Liaison Training and lunch and learn programs.</li><li>• Ongoing support and consultation to Human Resources' review of disciplinary actions throughout the County.</li></ul> <p>Beginning in June 2014, a project action team comprised of representatives from the Departments of Information Technology, Management and Budget and Human Resources (Recruitment and HRIS) began work on the re-engineering of the monthly Vacancy report via development of a new County-wide data base to serve as a centralized depository for all information related to vacant positions. This new data base will provide real-time information on all vacancies, their funding sources, appointment types, status of recruitment processes, etc. It is anticipated the project will be completed by the end of February 2015. In June 2014 the County Executive directed all Departmental Directors to make timely hiring a priority via the following guidelines:</p> <ul style="list-style-type: none"><li>• All vacant positions should be filled within 90 days (from vacancy to hire).</li><li>• If recruitments are unsuccessful (qualified applicants are not identified), Departments should work collaboratively with HR's Recruitment and Class/Comp Divisions to review strategies and devise alternative recruiting approaches.</li><li>• All requests for positions re-classifications must be pre-approved by a Deputy County Executive.</li></ul> <p>The County Executive's repeated guidance and messaging regarding the urgent importance of advertising and filling position vacancies within a 90 day period has had positive results. During the summer, HR has been more effective in collaborating with hiring managers, timely hiring has become a County-wide priority and vacant positions are being filled quickly.</p> <p><b>Responsible Party:</b> HR Director and Recruitment and Retention Division Manager</p> <p><b>ECD:</b> February 2015</p>

## Issues and Recommendations Matrix - continued

### Hiring Process - continued

Rating	Issue
Low	2. Policies and Procedures
	<p>Some of the County's HR policies were recently updated, but some have not been updated for the past 10 to 20 years (e.g., one policy was last updated in 1983). Up to date policies in accordance with current laws, regulations and best practice are important for the efficient, effective and compliant operation of any public sector function, especially a highly regulated function like HR. Policies that are current capture existing operations, reflect organizational changes, and facilitate compliance with regulatory or legislative changes. The HR Director is aware of this issue and is in the process of updating all of HR's policies.</p>
Recommendation	
	<p>The HR Department should continue the project to update all of its policies and procedures. The department should also consider policy automation tools, such as the tool used by decentralized/hybrid departments, which manage policy development and updating of workflows and policy databases.</p> <p>During the policy updates, we recommend the department incorporate the following changes:</p> <ul style="list-style-type: none"><li>• <i>Guidance on hiring documentation that departments need to retain</i> – Each department we sampled had files for hired candidates and interviewed but rejected candidates. Included in the files are interview notes and scores that support a hiring decision and a signed offer letter from the hired candidate. The requirement to retain these documents is known by the departments, but we did not see documented policies and procedures that guides the departments on the specific documents needed to be retained. The HR Department should include this list in the updates to the records retention policy.</li><li>• <i>Guidance on monitoring position vacancies</i> – the County should develop clear guidance and policies on monitoring position vacancies, and the new guidance should include action to be taken on a position vacancy that has been open after a certain period of time. (See recommendation in issue #1)</li></ul>

## Issues and Recommendations Matrix - continued

### Hiring Process – continued

Rating	Issue
Low	<b>2. Policies and Procedures - continued</b>
	<b>Management's Response</b>
	<p><b>Response:</b> HR recognizes the critical importance of updating all policies to reflect organizational changes; updating personnel policies is a top priority. During the last month, two policies were re-written and approved by the County Executive after vetting through EEO, County Attorney, HR Council, Policy Group and Management Team. Two others are currently being re-written. Currently, the HRIS division is advertising for a new HR Analyst II who will support collaboration and roll out of policy and procedure updates.</p> <p>The following additional policy update initiatives have occurred within the last few months:</p> <ul style="list-style-type: none"><li>• HR staff met with the Police Department Project Manager to learn how they successfully piloted a Policy Tech automation tool.</li><li>• HR had preliminary conversation with the Office of Information Technology to explore how it can accelerate the updating of Personnel Policies using this technology.</li></ul> <p>Future plans:</p> <ul style="list-style-type: none"><li>• Changes will be made to Section 6.11 <u>Records Retention</u> of the Personnel Policy, Applicants and Resumes to include an updated list of hiring documentation that departments need to retain.</li><li>• At the September HR Liaisons meeting, HR will recommend that effective immediately all departments create a requisition in NEOGOV for <i>all</i> vacancies to include the anticipated vacancy fill date. Subsequently, HR Recruitment &amp; Retention staff will monitor departmental plans and timelines.</li></ul> <p><b>Responsible Party:</b> Human Resources Director and Recruitment and Retention Division Manager</p> <p><b>ECD:</b> Three to five policies will be updated each year until all policy updates are complete.</p>

## **Other Observations**

## Other Observations

Other Observations	
<b>1. HR Liaison Responsibilities</b>	
HR Liaison's fulfill a critical role for all HR functions including the recruiting and hiring processes. They are required to understand and use NEOGOV, facilitate coordination between HR Analysts and hiring managers, and process on-boarding forms for new hires, all in addition to their responsibilities at their respective departments. The departments we spoke with during this project include HR responsibilities in the Liaison's annual performance evaluations, but this inclusion is not a formal requirement. Given the amount of time HR Liaison's spend on HR related activities, we recommend the HR department implement a requirement for departments to include Liaison responsibilities in annual performance evaluations and goal setting. Including these responsibilities will give Liaison's credit for their hard work and aid career development.	
<b>2. Integrated HR System</b>	
The County's human resource information system is not integrated with the county's financial management system. A fully integrated enterprise resource planning ("ERP") system can be utilized within the department to help HR employees and managers improve their productivity and the results of their efforts. These systems are highly detailed, and they are designed to enhance and speed up the efforts of HR in a number of ways. For example, they can assist with the recruitment process by simplifying the efforts associated with collecting resumes, reviewing candidate information and more. Also, this system will give HR employees the ability to perform performance calculations, such as turnover rates and hiring costs by department, with speed by collecting the data needed within a short period of time and by analyzing all of the data in a concise and effective manner. Some software programs are designed to create professional reports on metrics and analysis as an additional benefit to the human resources professionals.	
The County should review the cost benefit of pursuing an ERP system that fully integrates HRIS with the financial management system as part of the County's ERP system procurement.	
<b>3. NEOGOV Enhancements</b>	
Although, the County has experienced numerous benefits from NEOGOV, many other tools exist. The following enhancements should be considered:	
<ul style="list-style-type: none"><li>• Vacancy Timeline Report – A recent enhancement to the recruiting process is the use of the Proposed Vacancy Timeline form that compares actual days spent on each step in the recruiting process to a targeted timeline. The form tracks from the date a Requisition is submitted in NEOGOV by an HR Liaison to the date a final offer letter is sent to a candidate. The use of the form is not required, but use is recommended because it consolidates length of time data for recruiting tasks into one report. If the report is not used, the amount of time taken for certain tasks needs to be researched using email records or NEOGOV. For example, the amount of time it took an HR Liaison (or Hiring Manager) and HR Analyst to finalize a draft job posting is documented via email records, but this information needs to be retrieved by searching emails. The amount of time it took an HR Analyst to review and select candidates for interviews can be determined by running a NEOGOV report, but this task could be avoided if the Proposed Vacancy Timeline form was used.</li></ul>	
While the form is brief (one page summary) and provides a concise source of record, we recognize County departments already complete a large amount of forms for compliance requirements. We agree with Recruitment and Retention's decision to make the form optional, but we believe the form's benefits can be realized for every position through automation in NEOGOV. NEOGOV creates highly customized reports and stores a report format for reoccurring use. A report that mirrors the fields in the Proposed Vacancy Timeline form can be created and added to an existing list of frequently used report templates. Most of the information needed for the report is tracked in NEOGOV, but additional fields may need to be created so the County will need to coordinate with NEOGOV to determine the ultimate level of effort needed to automate the form.	

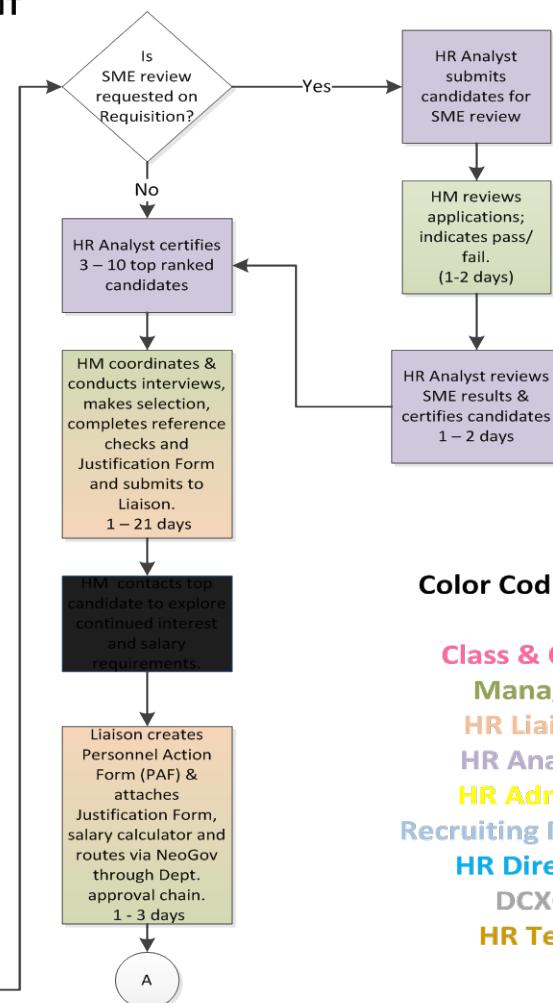
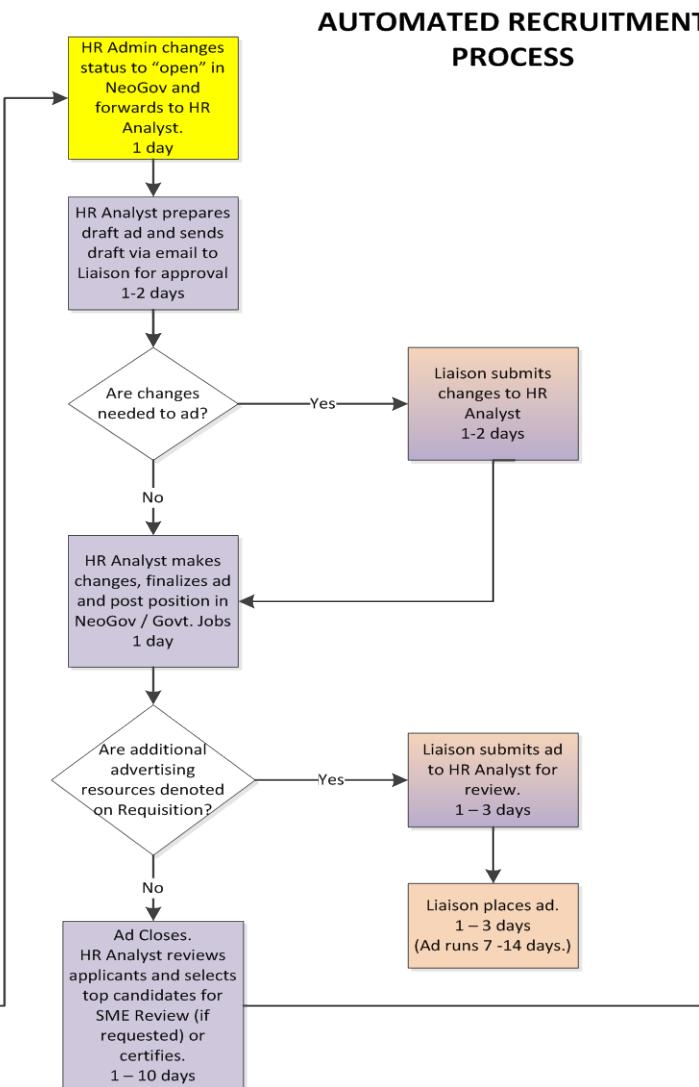
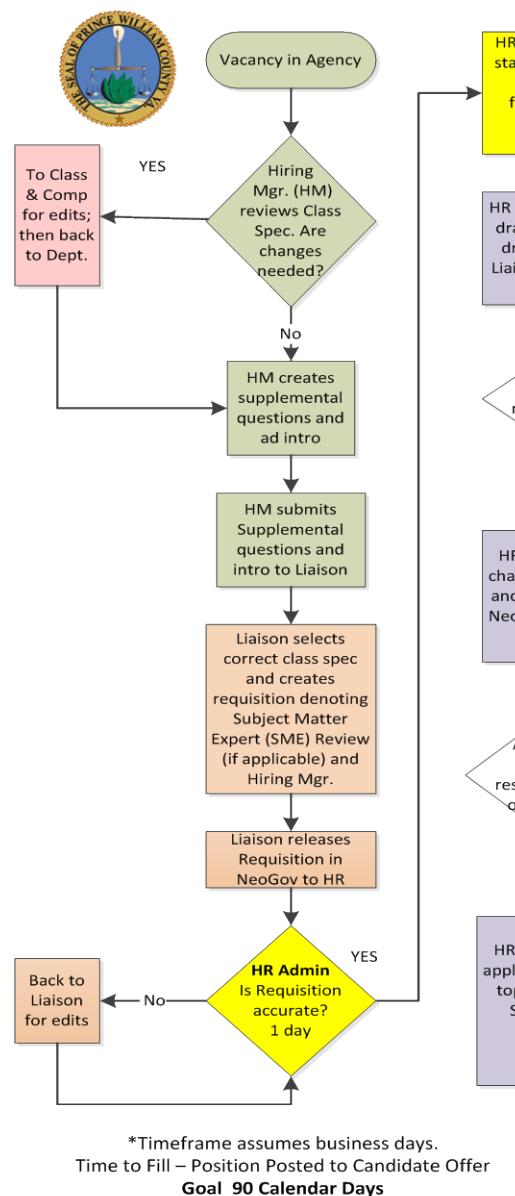
## Other Observation - continued

### Hiring Process - continued

Other Observations - continued	
3. NEOGOV Enhancements - continued	
<ul style="list-style-type: none"><li>• <i>Justification Memo</i> – The Justification Memo is a standardized template used to support candidate selection. Prior to the form's implementation in January 2014, each department used its own format to justify hiring a candidate and the information provided was inconsistent. HR Analysts often needed to send the memo back to departments for clarification or more information, ultimately delaying the hiring process. The standardized memo addressed all of these issues and resulted in a significant reduction in the number of memos sent back to departments. Completed memos are converted to a PDF and uploaded into NEOGOV for retention. This process could be further automated by converting the Microsoft Word version of the Justification Memo to a web based form in NEOGOV. Using a web based form would provide enhancements such as searchable forms, reduction in the amount of hiring documents that need to be retained (electronic and hard copy), and increased process integration with NEOGOV. The County should coordinate with NEOGOV to determine the ultimate level of effort needed to automate the Justification Memo.</li><li>• <i>Retention of Subject Matter Expect (SME) Notes</i> – Certain positions require a SME's review before an HR Analyst can certify candidates for interviews. A SME must provide comments after their review, whether or not they approve the candidate for an interview. SME comments are captured in NEOGOV, but if a candidate passes the SME review and proceeds to an interview NEOGOV will automatically erase all SME comments for that candidate. SME notes are not retained because they serve as an initial check point when selecting candidates for interviews and are not required to be retained because interview notes and a formal Justification memo serve as official documentation to support hiring decisions. Since the notes are not required, this observation is not a finding, but we recommend that PWC modify NEOGOV to save SME comments. Retaining the comments in the system will not require significant space and will provide the County with additional data to support hiring decisions or analyze candidate trends.</li></ul>	We recommend that the County consider the cost/benefit of utilizing these additional tools.

## **Process Maps**

# Process Maps



## **Color Coding Key**

**Class & Comp**

## Manager

HR Liaison

## HR Analyst

HR Admin I

## Recruiting Manager HR Director

DCYO

BCXG  
HP Tech

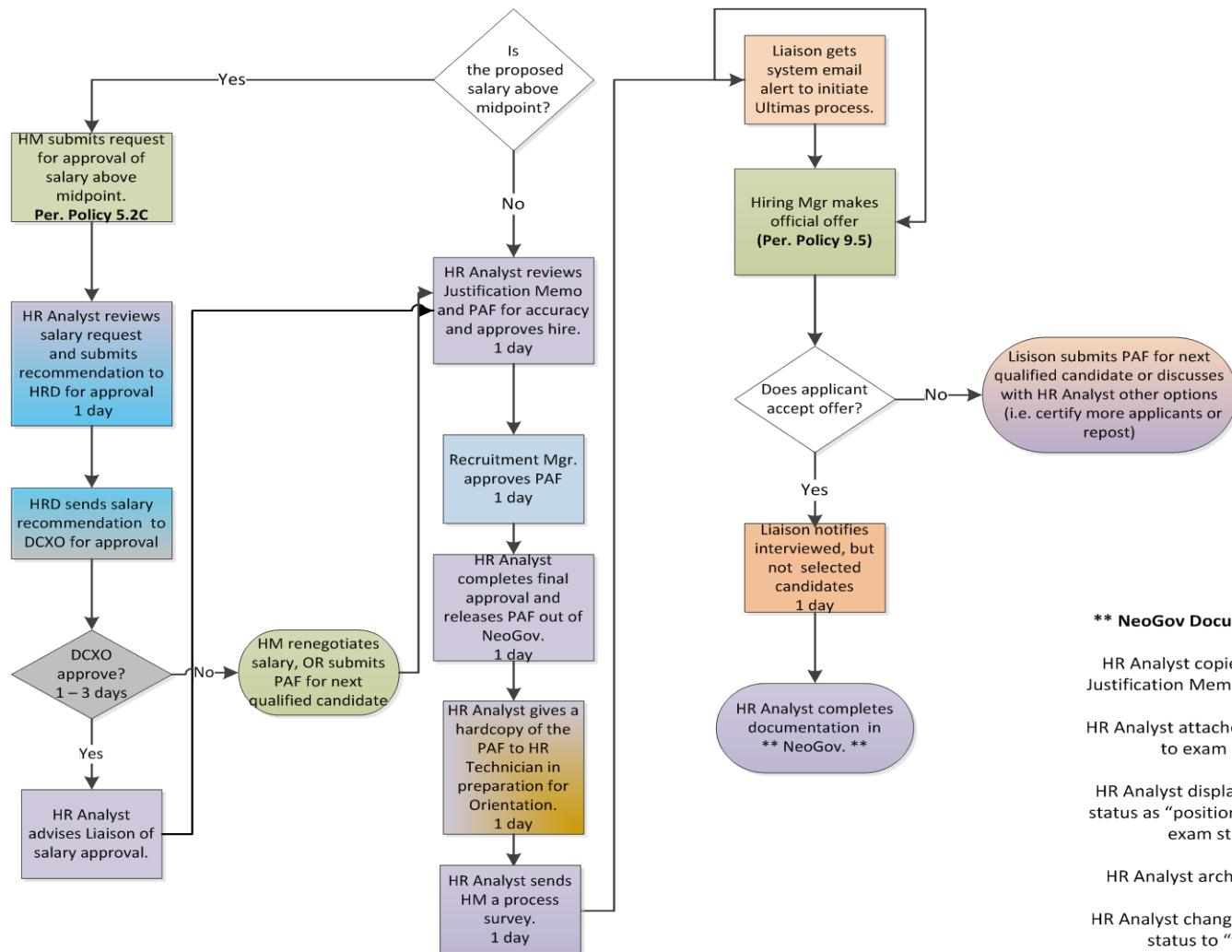
**Note: EEO & Diversity Manager has full NeoGov access to review the process at any step.**

Revised:3.21.14

# Process Maps

## **RECRUITMENT PROCESS - continued**

A



\*\* NeoGov Documentation \*\*

HR Analyst copies and saves  
Justification Memo to "W: drive

HR Analyst attaches any memos  
to exam plan.

HR Analyst displays candidate status as “position filled” in the exam steps.

HR Analyst archives the ad.

HR Analyst changes requisition  
status to "filled."  
1 day

Revised 5.28.14

*Prepared by HR*

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