



HARFORD COUNTY, MARYLAND

Office of the County Auditor

AUDIT OF RECRUITMENT AND HIRING PRACTICES

Report Highlights

Why We Did This Audit

This audit was conducted as part of the County Auditor's risk-based Annual Audit Plan approved by the County Council for FY2019.

What We Found

Pre-employment reference checks were not always performed

Required quarterly reporting of employment and hiring activity is inconsistently performed.

cc: Mr. James Richardson,
Director of Human
Resources
Mr. Billy Boniface,
Director of
Administration

Report Number: 2019-A-16

Date Issued: 10/10/2019

Council Members and County Executive Glassman:

In accordance with Section 213 of the Harford County Charter, we have performed an audit of Recruitment and Hiring Practices controls. Our responsibility was to express an opinion on the above subject matter in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform audits to obtain sufficient evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. However, due to the issues described in the following paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a reasonable basis for an opinion on all aspects of the County's Recruitment and Hiring Practices.

We designed our audit procedures to determine that the Recruitment and Hiring Practices are adequate and requested documentation that would provide sufficient appropriate audit evidence to complete those procedures. Although requested, we were not given access to notes taken by interviewers. Accordingly, we were unable to confirm that interview questions were asked consistently to each interviewee for a recruitment.

Our conclusion, based on the evidence obtained, is not all procedures in the recruitment process are consistently performed in accordance with the County's Code, Charter and other relevant regulations.

The results of the audit, our findings and recommendations for improvement are detailed in the attached report. The audit team is available to respond to any questions you have regarding the report.

Sincerely,
Chrystal Brooks, CPA
Chrystal Brooks
County Auditor



HARFORD COUNTY, MARYLAND

Office of the County Auditor

REVIEW RESULTS

We have audited Harford County's Recruitment and Hiring practices for the period of 07/01/2017 through 06/30/2019. Human Resources coordinates with County departments to ensure all vacant positions are adequately and efficiently staffed. Our conclusion, based on the evidence obtained, is not all procedures in the recruitment process are consistently performed to support that County recruitment and hiring practices are conducted in accordance with the County's Code, Charter, and other relevant procedures and regulations. The audit approach focused on testing the key controls that address management's objectives for the process. Conclusions drawn are below.

Risk	Expected Control	Conclusion
Candidates are chosen based on favoritism or existing relationships, instead of based upon merit.	<ul style="list-style-type: none"> • Candidates are asked to disclose any familial relationships to existing County employees at time of application. • Applicants are independently screened by multiple appropriate and qualified individuals • Interview panel members are appropriate for the position 	<p>Satisfactory</p> <p>Satisfactory</p> <p>Satisfactory</p>
Interview questions are not consistent for each candidate	<ul style="list-style-type: none"> • Interview questions are compiled by the department and reviewed by Human Resources. • Notes are made by each panelist and maintained in the recruitment files. 	<p>Satisfactory</p> <p>Not provided for review</p>
Selected candidates have not met minimum qualifications.	<ul style="list-style-type: none"> • Applicants are deemed qualified or not qualified based on the information provided in their application. • Pre-employment reference checks are performed to verify the application information provided is accurate. 	<p>Satisfactory</p> <p>Needs Improvement</p>
Candidates selected are not the best candidate.	<ul style="list-style-type: none"> • Vacant positions are publicly advertised • An interview panel recommends the best candidate for hire 	<p>Satisfactory</p> <p>Satisfactory</p>
New Hire's salaries are not commensurate with their position	<ul style="list-style-type: none"> • Employees are paid in accordance with the approved Pay and Classification Plan • Director of Administration approves new hire pay rates 	<p>Satisfactory</p> <p>Satisfactory</p>

Areas for improvement are described in the Findings and Corrective Actions section of this report. Management has been provided an opportunity to respond to this report; the responses provided follow the Findings and Corrective Actions.

STATUS OF PRIOR FINDINGS

We have reviewed the issues reported in prior audit report # 2016-A-03. Prior to beginning this audit, four of the five findings reported in the prior audit had been closed. Current conclusions for the open findings included in prior audit reports are noted below.

Previously, we noted "New positions were not always advertised; particularly when designated as 'temporary'. ... We found four employees that were appointed to temporary positions rather than going through the standard recruitment process for classified positions." In the current review, we found that, if required, hires were selected from an advertised recruitment. *This issue has been closed.*

FINDINGS AND CORRECTIVE ACTIONS

Finding Number: 2019-A-16.01 Recruitment Procedures

Not all procedures in the recruitment process are consistently performed.

Analysis: For a number of positions, it is not clear that the standard recruitment procedures were followed because supporting documentation was not available. Standard County practice is for a Request to Hire memo be generated by the department requesting and justifying the necessity of the job posting. This memo must be approved by the Directors of Administration and Human Resources before the position can be advertised, either internally or externally. Once a position has been posted and applications received, pools of qualified candidates are chosen for the interview process. At this stage of the recruitment, several County employees, with expertise relevant to the interviewing position, meet with the candidates and independently document their observations of the individual including how well they fulfill the requirements of the job using a list of previously prepared questions from HR and the hiring department. After all the interviews have been completed, the interviewers meet to review their findings and rank the candidates in order of qualifications. Human Resources maintain these interview packets for each position. This method is meant to ensure an impartial and fair hiring process. Of the 35 positions we reviewed,

- For seven (7) postings, confirmation of the hire's required qualifications was not available; and,
- For all postings, the interview panel notes were not provided and thus we could not confirm the consistency of the questions asked during the interview process.

Recommendation: We recommend Human Resources consistently maintain documentation of each step of the recruitment process.

Management Response: With regard to the audit finding concerning confirmation of a candidate's qualifications, Management had addressed the issue prior to completion of the audit. The Department of Human Resources is conducting education, certification and reference checks on a consistent basis.

Finding Number: 2019-A-16.02 Quarterly Reporting

Quarterly hiring reports were not consistently distributed to the Council as required by the County Code.

Analysis: County Code §38-31 requires that "[a]t least once every 3 months the Director of the Department of Human Resources shall file with the County Council a written report summarizing:

- (1) The current number of county employees;
- (2) The number of employees hired since the previous report;
- (3) The number of contractual and temporary employees hired since the previous report;
- (4) The number of retirements and terminations since the previous report;
- (5) The amount of leave, by category, used since the previous report; and
- (6) Any other information the Director considers relevant."

We requested from Human Resources, the Council Administrator, aides to the Council President, and the Council President all quarterly hiring reports for fiscal years 2018 and 2019. We received only two reports. Human Resources was able to provide reports for seven (7) of the eight (8) quarters as well as the underlying data for each quarter; however, we could not confirm that the reports were distributed to the Council for five (5) of the eight (8) quarters. We have been advised that Human Resources prepares and provides the reports to the Director of Administration, in hard copy. The Director of Administration then hand delivers the report to the County Council president. The Council President was only aware of receiving two of three reports expected since the start his term. Given this system, there is no audit trail to confirm delivery.

We reviewed the reports that were provided and noted that they did not include the number of contractual employees hired since the previous report. The County Code requires this reporting; however, the County does not routinely hire contractual employees. Instead, the County often uses the services of independent contractors hired via the procurement process.

Recommendation: Human Resources should provide the required quarterly report to the Council in a format that can be more readily retained for future review and confirmation and the Council should develop a filing system to maintain such documents when they are received. The two groups should work together to determine the most effective and efficient delivery method. Additionally, language in County Code §38-31 should be updated to require reporting of independent contractors in addition to contractual employees.

Management Response: Management disagrees and believes that the Department of Human Resources has been compliant with the Harford County Code. The audit analysis acknowledges that the Department of Human Resources provided the reports and the underlying data to the auditor upon request. The auditor was also informed that the Director of Administration hand delivers such reports to the Council President. The Director of Administration has discussed the matter with the Council President and the County President desires to continue with the current process. The Council President indicated that he has put a procedure in place regarding the retention of the reports.

Management disagrees that County Code §38-31 should be modified to require the reporting of independent contractors. As the audit acknowledges, independent contractors are managed through normal procurement process and not the Department of Human Resources. The Department of Procurement administers these contracts because the individuals are independent agents and not employees of the County. It would be inappropriate to place such a requirement in Chapter 38 (entitled "Personnel"), and further, to place this reporting obligation on the Director of Human Resources since it is not a function that the Director oversees. However, in order to provide information regarding independent contractors to the County Council, Management is in the process of developing a report by the Director of Procurement for delivery to the Council that will capture such information.

Council Response: County Council will confirm hand delivery of the Quarterly Hiring Report from the Director of Administration through an electronic receipt confirmation email to the Director of Administration and the Department of Human Resources. After the report is received it will be placed in a paper file in the Council President's office for storage.

BACKGROUND, OBJECTIVES, SCOPE AND METHODOLOGY

Per the County Charter §601, the purpose of the Department of Human Resources (HR) is “to recruit, select, develop, and maintain an effective and responsive work force, and shall include policies and procedures for employee hiring”. The hiring process involves advertising the position, identifying candidates for interviews based on minimum qualifications and coordination with County departments to ensure the best candidate is selected for each vacant position. As of June 2019, Harford County employed 1,684 employees. During our audit period, there were 219 recruitments and 423 new hires.

The objective of this audit was to determine if controls are adequate to ensure that recruitments were performed in accordance with the County's Code, Charter and other relevant regulations. The scope was limited to the hiring and recruitment practices for County employees. The Sheriff's Office, Circuit Court and State's Attorney's Office were excluded. The audit focused on activity during the period of 07/01/2017 through 06/30/2019.

Our audit procedures included interviewing personnel, data analysis and testing to confirm recruitments and related processes were performed in accordance with the County's code and procedures. Specifically, we looked to determine that all new hires went through the proper recruitment process, position requisitions were properly requested and approved, job postings were properly advertised, the interview panel was appropriate for the position, interviewees were qualified, interview questions were consistent across interviews, and background checks and drug testing were completed by HR. Additionally, we looked to confirm the hired employee was highest rated by the interview panel, the hire and hire's payrate was properly approved, and the hire's salary was in the range approved in the Pay and Classification Plan. Further, we looked to confirm recruitment systems access is appropriately restricted and that hiring reports were compiled and distributed to the County Council. We also considered issues that arose in prior audit findings. Our testing included procedures to confirm those issues were addressed.

We planned to confirm that interview questions were asked consistently to each applicant interviewed for a given recruitment. However, for this procedure, management did not provide the documentation or access to information necessary to complete the testing. This circumstance created a scope limitation that impacted our ability to issue a complete conclusion on the County's Recruitment and Hiring Practices Controls.

Harford County management is responsible for establishing and maintaining effective internal controls. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations including safeguarding of assets and compliance with applicable laws, rules

and regulations are achieved. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected.

The audit was performed in accordance with Generally Accepted Government Auditing Standards (GAGAS), except for specific applicable requirements that were not followed. Those standards require that we plan and perform the audit to obtain sufficient evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. As noted above, we were unable to obtain some evidence because of management's restrictions on access to records. We believe that the evidence obtained provides a reasonable basis for our conclusions.

Audit Team:

Chrystal Brooks
CPA, CIA, CGAP, CISA, CGFM, CRMA
County Auditor

Brad DeLauder, CPA, CIA
Senior Auditor