

UC MERCED AUDIT AND ADVISORY SERVICES

November 14, 2014

To: Michael Reese, Vice Chancellor for Business and Administrative Services

Subject: Audit of Facilities Management Hiring Practices

Ref: Report No. M15A012: Facilities Management Hiring Practices

Internal Audit has completed an audit of hiring procedures, pay increases, and promotions in Facilities Management. The audit was completed at the special request of the Associate Chancellor. We will perform follow up procedures in the future to review the status of management action.

We appreciate the help we received from Facilities Management staff during the audit. If you should have any questions, please feel free to contact me.



Todd Kucker
Internal Audit Director

Attachment

cc: SVP Vacca
Chancellor Leland
Associate Chancellor Putney
Interim Assistant Vice Chancellor Toth
Director Smith

**UNIVERSITY OF CALIFORNIA, MERCED
AUDIT AND ADVISORY SERVICES**

Facilities Management Hiring Practices
Report No. M15A012

November 14, 2014

Work performed by:
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Management Summary

Internal Audit has completed an audit of hiring practices, pay increases, and promotions in Facilities Management. The primary purpose of the audit was to review risks and current practices in the areas of hiring and promotions.

Based upon the audit, we concluded that hiring practices managed by Facilities Management need to be improved. From our testing, we could not conclude that the hiring practices were unbiased and non-discriminatory as it appears that sometimes qualified candidates did not receive the same opportunities as less qualified and unqualified candidates. We noted that Facilities Management could improve recruiting processes by more closely following procedures recommended by Human Resources. This is discussed further in the following report.

Purpose, Objectives, and Scope

At the request of the Associate Chancellor and Senior Advisor to the Chancellor, Internal Audit has completed an audit of hiring and human resources practices in Facilities Management. The primary purpose of the audit was to review risks and current practices in the areas of hiring and promotions.

The objectives of this audit were:

- To verify that hiring and promotions procedures comply with UC policies and campus procedures; and,
- To determine whether controls are in place to avoid conflicts of interest in hiring, pay increases, and promotions.

The audit focused on Facilities Management recruitments since July 1, 2012. We evaluated six custodial recruitments and two managerial recruitments in which sixteen employees were hired. We also reviewed justification for promotions and pay increases during the same time period.

In order to accomplish the project objectives and scope, the following procedures were performed:

- Reviewed personnel included on the hiring committees for all selected hires to determine whether the structure seems reasonable and proper guidelines were performed.
- Reviewed all details related to custodial hires in the Personnel Application Web System (PAWS) and recompleted the disposition process for all hires by comparing candidate qualifications with job descriptions.
- Reviewed backup documentation for promotions and pay increases for employees to verify proper procedures and processes were performed.

An audit of the hiring practices of Housing and Residence Life was completed concurrently with this audit.

Background

Facilities Management is part of the Business and Administrative Services Division at UC Merced. Facilities Management provides many different services related to maintaining campus buildings, grounds, and infrastructure. Management of custodial staff is desegregated among different departments. While Facilities Management has around thirty custodial employees, there are other custodial employees employed in Housing and Residence Life and Recreation.

At UC Merced, departments manage many responsibilities related to selecting and hiring new employees. After Human Resources sets up a new position in the Personnel Application Web System (PAWS), candidates complete an online application and submit cover letters and resumes to apply for open positions. To manage the screening and hiring process, a department assigns the position to a hiring manager. The hiring manager sets up an interview committee responsible for screening candidates in PAWS, selecting and interviewing candidates, and selecting the best candidate to hire.

To properly screen candidates and manage the hiring process, Human Resources has put together local procedures for the hiring manager and interview committees. The procedures include the following:

- The recommended number for committee members is at least three but no more than five.
- All committee members should be present at all meetings and interviews.
- Candidates should be screened based upon position requirements. Clearly define required and preferred qualifications.

PAWS is utilized to document the disposition process. Applications, cover letters, and resumes are reviewed to identify which candidates are qualified or not qualified based upon job requirements. At least three qualified candidates are then selected for interviewing. The reasons for selecting the final candidate selected are documented in the system. During the last year, Human Resources began verifying that the disposition process has been completed before approving an offer letter.

To avoid potential conflicts of interest in the hiring process, candidates are required to disclose on their application if they have relatives working for UC Merced. A “near relative” is a spouse, domestic partner, parent, child, sibling, an in-law or step-relative, or aunt or uncle. Potential conflicts are evaluated and additional approval required before offering a position to a near relative of an employee in the department.

Fair and non-discriminatory hiring practices are critical to UC Merced. Policies and procedures are in place so all employees or applicants for employment shall be treated equitably and fairly in all matters related to employment, including requirements and promotions. As UC Merced receives substantial funding from federal grants and contracts, the campus’s hiring practices could be audited by the Office of Federal Contract Compliance Program (OFCCP). The purpose of the OFCCP is to enforce, for the benefit of job seekers and wage earners, the contractual promise of affirmative action and equal employment opportunity required of those who do business with the Federal government. The Office ultimately has the ability to debar an organization from receiving federal funding.

Conclusion

Based upon the audit, we concluded that Facilities Management's hiring practices need to be improved. From our testing, we could not conclude that the hiring practices were unbiased and non-discriminatory as it appears that qualified candidates sometimes did not receive the same opportunities as less qualified and unqualified candidates.

Observation

1. Recommended procedures for promoting a fair recruitment process should be followed

During the audit testing, we evaluated the recruitment process of thirteen custodial employees and three mid-level managers. We reviewed whether appropriate steps were taken to promote a fair and unbiased recruitment process. To do this, we evaluated the composition of interview committees and whether qualified candidates were interviewed and hired. We noted the following issues.

- For the custodial positions, candidates who did not appear to fulfill the minimum qualifications based upon their applications, resumes, and cover letters were selected to be interviewed while candidates who appeared to be more qualified were not interviewed. Per discussion with management, as a large number of candidates apply for custodial positions, decisions to interview particular candidates are sometimes based upon references and recommendations by current employees rather than just screening candidates based upon their applications, resumes, and cover letters. When there is a large pool of candidates, this helps them "efficiently identify candidates with good 'soft skills'". In a couple of the custodial recruitments reviewed there were between 75 and 100 candidates.

In some instances, the less qualified and unqualified candidates interviewed identified themselves as being related to a current employee. Per discussion with management, as the disclosure of being a relative is only on the PAWS application, it is unlikely that interview committee members reviewing resumes and cover letters would know that a particular candidate is a current employee's relative. The risk is that it might be difficult to refute a claim that preferential treatment was shown to these candidates as qualified candidates were not selected for interview.

- In one custodial hire, PAWS showed only two employees as part of the interview committee. In other hires, managers were included as part of the interview committee, but discussions with these managers during the audit showed that they did not actively participate in the screening and interviewing of candidates. Two employees were involved with all of the custodial recruitments so it appears that hiring decisions were sometimes based upon the feedback of these two employees.

Human Resources recommends that at least three employees be included on interview committees. Larger interview committees help protect the recruitment process from claims

that a less qualified candidate known by the hiring manager was hired rather than the most qualified candidate.

- Instances were noted where candidates in recruitments were recorded as “Not Qualified” in PAWS though it appears that they met the minimum qualifications. We noted this with recruitments of custodians when there were between 75 and 100 candidates and with manager recruitments where there were only twelve candidates.

Per discussion with management, as PAWS is a cumbersome system it can be a very time-consuming process to evaluate all candidates to determine whether a candidate is qualified. As Human Resources will not approve an offer letter until the disposition is completed in PAWS, hiring managers sometimes mark candidates as “Not Qualified” once an adequate number of candidates has been selected for interview. This can have a negative impact on the campus Equal Employment Opportunity statistics.

By recompleting the disposition process for these recruitments, it appears that qualified candidates were sometimes passed over for less qualified or unqualified candidates. As recommended procedures for promoting fair processes were not always followed, it would be difficult to prove that the hiring process is unbiased.

We recommend that Facilities Management periodically change the makeup of employees on interview committees. The hiring manager should provide written justification to Human Resources why a less qualified candidate is selected for interviewing when more qualified candidates are not selected. These explanations should be reviewed when Human Resources reviews the disposition process while approving the offer letter. Candidates who do not meet the minimum requirements in the job descriptions should not be interviewed.

Management Corrective Action

Facilities Management leadership will review information in PAWS before interviewing begins to ensure that there are is a sufficient number and mix of personnel on hiring committees. Before a recruitment begins, job descriptions will be updated to take into account skills needed for the position.

Facilities Management will work with Human Resources to confirm that adequate direction and training has been provided to hiring managers. It would be helpful if the hiring process and PAWS could be more efficient and sensitive to the time limitations of hiring managers. *[Auditor Note - Human Resources has evaluated replacing PAWS so the process for dispositioning a pool of candidates may become more efficient. Other hiring systems can be set up to automatically screen unqualified candidates when a candidate does not possess certain minimum qualifications.]*

This action plan will be implemented with current and future recruitments.