

**UNIVERSITY OF CALIFORNIA, SAN FRANCISCO
AUDIT AND ADVISORY SERVICES**

**Recruitment Review
Project #18-039**

August 2018

University of California
San Francisco



Audit and Advisory Services

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SUBJECT: Recruitment Review, Project 18-039

As a planned internal audit for Fiscal year 2018, Audit and Advisory Services (“A&AS”) conducted a review of recruitment processes. Our services were performed in accordance with the applicable International Standards for the Professional Practice of Internal Auditing as prescribed by the Institute of Internal Auditors (the “IIA Standards”).

Our review was completed and the preliminary draft report was provided to department management in June 2018. Management provided us with their final comments and responses to our observations in August 2018. The observations and corrective actions have been discussed and agreed upon with department management and it is management’s responsibility to implement the corrective actions stated in the report. In accordance with the University of California audit policy, A&AS will periodically follow up to confirm that the agreed upon management corrective actions are completed within the dates specified in the final report.

This report is intended solely for the information and internal use of UCSF management and the Ethics, Compliance and Audit Board, and is not intended to be and should not be used by any other person or entity.

Sincerely,

A handwritten signature in black ink, appearing to read 'Irene McGlynn', with a horizontal line extending to the right.

Irene McGlynn
Director
UCSF Audit and Advisory Services

EXECUTIVE SUMMARY

I. BACKGROUND

As a planned audit for Fiscal Year 2018, UCSF Audit and Advisory Services (A&AS) conducted a review of recruitment processes including promotion for compliance with University Personnel Policies for Staff Members 20 (PPSM 20): Recruitment and Promotion. Talent Acquisition (TA) is the business unit managing recruitment for both Health and Campus while Health Human Resources (HR) Operations and Campus HR Staff manage the promotion process. In general, open recruitment is required for career appointments unless a recruitment waiver has been approved.

One of the top priorities for TA is to align business processes between the two organizations as it relates to recruitment. Currently, the two groups differ in the following systems/processes:

Process	Campus	Health
HR Recruitment activities	BrassRing	PeopleSoft Talent Acquisition Management
Recruitment requests	Service Request System (SRS)	Employee Requisition Forms (eRFs)
Promotion requests	SRS	Personnel Action Forms (PAFs)

Note: PeopleConnect Management Actions is replacing both the Campus SRS and the Health PAF for Campus.

II. AUDIT PURPOSE AND SCOPE

The purpose of this review was to assess the controls and processes for recruitment and promotion managed by TA, Health HR Operations and Campus HR Service Center.

The scope of the review covered processes and activities for non-collective bargaining staff appointments for Campus and UCSF Health from July 2017 to May 2018. It did not include candidate selection, reclassification, faculty recruitments, student employment, or individuals recruited as part of the Temporary Employment Services pool.

Procedures performed as part of the assessment included review of applicable policies and procedures; walkthroughs with key personnel in TA, HR Operations, and HR Staff; identification of controls; and review of processes for recruitment and promotion.

Work performed was limited to the specific activities and procedures described above. As such, this report is not intended to, nor can it be relied upon to provide an assessment of compliance beyond those areas specifically reviewed. Fieldwork was completed in June 2018.

III. SUMMARY

Based on work performed, there are high-level procedures to govern recruitment processes, but certain procedures have not been updated to reflect the changes implemented in PPSM 20 as of October 2017.

The specific observations from this review are listed below.

1. Local procedures have not been established to reflect recruitment waiver or promotional approval requirements by PPSM 20.
2. Monitoring is not conducted for PPSM 20 compliance specific to hires as it relates to recruitment and promotion.
3. The approval workflow permits employees to be both the Initiator and Approver roles for additional pay requests for themselves as well as others.

Additionally, during the course of this review, potential opportunities for improvement were noted in the area of monitoring contractors. Further detail on the specific observations and the opportunities for improvement can be found in the below section on Observations and Management Corrective Action Plans.

IV. OBSERVATIONS AND MANAGEMENT CORRECTIVE ACTIONS (“MCAs”)

No.	<u>Observation</u>	<u>Risk/Effect</u>	<u>Recommendation</u>	<u>MCA</u>
1	<p><i>Local procedures have not been established to ensure compliance with recruitment waiver or promotional approval requirements by PPSM 20.</i></p> <p><u>Recruitment Waiver:</u> Campus – the department completes the Waiver of Recruitment instruction form and the TA Director, who has delegated authority to approve recruitment waiver on behalf of the CHRO (Chief Human Resources Officer), will review and approve. However, the approval is not done in consultation with the Affirmative Action Officer as per PPSM 20 requirements.</p> <p>Health – use of the recruitment waiver is not practiced. All new positions, replacement positions or promotions require open recruitment.</p> <p>PPSM 20 states “Competitive recruitment is normally expected for all career and contract open positions. Under special circumstances and in accordance with local procedures, the CHRO may approve a waiver of competitive recruitment for career and contract appointments after consultation with the Affirmative Action Officer.”</p> <p><u>Promotional Approval:</u></p> <p>Both Campus and Health require promotional approval to be initially authorized by department managers, but there’s no procedure that describes the process for when a CHRO approval is required in consultation with Affirmative Action Officer if an open recruitment was not conducted.</p>	<p>Approvals made without consultation with Affirmative Action Officer may result in inappropriate or unsupported recruitments or promotions.</p>	<p>Work with Affirmative Action Officer on local procedures for when and how to engage with them for recruitment waivers and promotional approvals that do not go through open recruitment.</p>	<p>Talent Acquisition will work with both Health and Campus HR to establish local procedures for recruitment waiver and promotional approvals.</p> <p>Responsible Party: Human Resources Talent Acquisition</p> <p>Target Completion Date: December 2018</p>

No.	Observation	Risk/Effect	Recommendation	MCA
	<p>For Campus, the practice of quick hire¹ is targeted to be eliminated by December 2018, which is anticipated to reduce the population that bypasses the open recruitment process; however, recruitment waivers will still be used.</p> <p>For Health, open recruitment has been practiced for all promotion positions, but it was difficult to identify if there were any gaps due to the historic use of paper-based tickets for new hires, as they have only recently transferred to online processing via PeopleConnect.</p> <p>Per PPSM 20, “Local procedures will define the authorities and process, including required documentation, for recommending and approving an internal promotion. At a minimum, the CHRO, in consultation with the Affirmative Action Officer, must approve the request in order for the promotion to move forward. All career employees in an organizational unit who are qualified for an internal promotion must be considered for the opportunity; local procedures will determine the process for making a fair and unbiased selection.”</p>			
2	<p>Monitoring is not conducted for PPSM 20 compliance relating to recruitment and promotion.</p> <p>As historically there has not been a business requirement to monitor for compliance with PPSM 20, no comprehensive report has been developed or made available for HR to monitor compliance. Additionally, the current fields used to document recruitment and promotion in HR systems are not being used in such a manner that would enable compliance monitoring (e.g. users not entering Applicant Tracking ID information within the new or transfers hire, no category to flag quick hires or recruitment waiver without labor intensive review).</p> <p>Per PPSM 20, “The Top Business Officer and/or the Executive Officer at each location will designate the local management office to be responsible for the ongoing reporting of policy compliance.”</p>	<p>The inability to efficiently and effectively extract data from HR systems is a missed opportunity to measure and improve performance.</p>	<p>1. Define data elements required for monitoring and tracking of PPSM 20 compliance to ensure that all new/transfer hires have open recruitment, a recruitment waiver, or delegated HR approval in</p>	<p>Establish roles and procedures for ongoing reporting of PPSM 20 compliance. Procedures will include a combination of available reports and periodic sampling where data is not currently</p>

¹ Quick hire is the practice of hiring limited appointments without open recruitment.

No.	Observation	Risk/Effect	Recommendation	MCA
			consultation with Affirmative Action Officer. 2. Train HR staff and department on any non-compliance issue identified.	available for reporting. Responsible Party: HR Talent Acquisition as lead with HRIS support Target Completion Date: December 2018
3	<p><i>The approval workflow permits employees to be both the Initiator and Approver roles for additional pay requests for themselves as well as others.</i></p> <p>The SRS approval workflow setup permits the Initiator to be the same person as the Approver. Although the system has a control to not allow employee to change funding regarding him/herself, it does permit other types of transactions.</p> <p>We reviewed five transactions where initiator was also the approver regarding transactions for him/herself. One out of the five transactions involved “additional pay” transaction and there was no additional approver at the department level to independently confirm and authorize the transaction.</p> <p>SRS will be replaced by PeopleConnect Management Actions. Based on the approval workflow setup in PeopleConnect, it permits the initiator to be the same person as the approver, but not for transactions relating to him/herself.</p>	Inappropriate transactions may be processed and go unnoticed.	Audit & Advisory Services worked with HR IT to verify that PeopleConnect does not permit self-approving transactions for themselves.	Action Completed. Responsible Party: HR IT Completion Date: June 2018

V. OPPORTUNITIES FOR IMPROVEMENTS

No.	<u>Observation</u>	<u>Risk/Effect</u>	<u>Recommendation</u>
1	<p><i>The control report for employees reaching 1000 hours did not include the contract employee population.</i></p> <p>Currently, HR IT produce control reports for departments to review employees who are close to reaching 1000 hours in the calendar year and therefore at risk of being switched to career status to receive benefits; however, it does not include the population of contract employees.</p> <p>Per discussion with HR Benefits, the Benefits Eligibility Level Indicator (BELI) category identified for contract employee appointment states that “this employee is treated the same as any other Group A employee [career and limited].”</p>	<p>Non-compliance with BELI rules may cause delays in notifying contractors of their windows for enrollment in UC benefits.</p>	<p>We recommend monitoring of contract employees to ensure BELI changes are communicated. It may be helpful to include the contract employee population in the current control report so that the department can coordinate with HR to notify the contract employee of their benefits. Additionally, the departments need to be aware of the additional cost that will be hitting their GL account if the contract employee goes over 1,000 hours and begins receiving benefits.</p>