

The logo for UC Irvine, featuring the letters 'UC' in a large, bold, serif font, followed by 'IRVINE' in a smaller, all-caps, serif font. A vertical line separates the 'UC' from 'IRVINE'.The text 'INTERNAL AUDIT SERVICES' in a serif font, arranged in two lines. A vertical line is positioned to the left of the text.

Contract Employees

Internal Audit Report No. I2020-207

December 6, 2019

Prepared By

Bhavna Nakum, Auditor

Reviewed By

Helen Templin, Principal Auditor

Approved By

Mike Bathke, Director



INTERNAL AUDIT SERVICES
IRVINE, CALIFORNIA 92697-3625

December 6, 2019

**RAMONA AGRELA
ASSOCIATE CHANCELLOR AND CHIEF HUMAN RESOURCES EXECUTIVE
HUMAN RESOURCES**

**RE: Contract Employees Audit
Report No. I2020-207**

Internal Audit Services has completed the review of Contract Employees and the final report is attached.

We extend our gratitude and appreciation to all personnel with whom we had contact while conducting our review. If you have any questions or require additional assistance, please do not hesitate to contact me.

Mike Bathke

Mike Bathke
Director
UC Irvine Internal Audit Services

Attachment

C: Audit Committee

Pamela James, Executive HR Director – Campus Human Resources

Julie Lance, Senior HR Business Partner/Senior Director of Strategic & Business
Services – Office of the Associate Chancellor and Chief Human Resources
Executive

Michelle Quint, Executive HR Director- UCI Health Sciences and Interim Executive
HR Director – UCI Medical Center

I. MANAGEMENT SUMMARY

In accordance with the fiscal year (FY) 2019-2020 audit plan, Internal Audit Services (IAS) reviewed the processes in place for the University's hiring of contract employees, including compliance with University policies and procedures. In general, department controls and processes appear to be functioning as intended. Based on the audit work performed, some internal controls need improvement and UCI Human Resources (HR) should strengthen them to minimize risks, ensure compliance with University policies and procedures, and/or support best business practices. The following observations were noted.

Positions Exempt from the Term Duration Limit – IAS found that UCI HR does not maintain a list of positions that are exempt from the five-year term duration limit that is in place for contract appointments. These observation details are discussed in section V.1.

Website Accuracy on Hiring Contract Employees – IAS found that there was contradictory and out-of-date information regarding contract appointments on relevant websites. These observation details are discussed in section V.2.

II. BACKGROUND

According to University of California (UC) Personnel Policies for Staff Members (PPSM) 3 (Types of Appointment), a contract appointment is “an appointment established at a fixed or variable percentage of time ... [and] have a specific, pre-established end date.” Additionally, the terms and conditions of employment are specified in a written employment contract between the University and the appointee.

Contract appointments may be appropriate for projects with specific objectives and defined outcomes, positions that have special salary requirements or short-term funding, or departments with a temporary need during restructuring, reorganization, or workflow redesign efforts. A contract appointment can be converted to a career appointment if the incumbent employee was selected through a competitive recruitment process in accordance with PPSM 20 (Recruitment).

III. PURPOSE, SCOPE AND OBJECTIVES

The purpose of the audit was to determine and verify departments' awareness of and adherence to mandated University policies and procedures governing the hiring of contract employees. The scope focused on contract appointments that existed during a five year period from January 2014 through December 2018.

The audit included the following objectives.

1. Verify that departments utilize ContractPRO to recruit and hire contract employees.
2. Verify the existence of a current contract agreement.
3. Verify that the contract agreement includes a definite appointment end date.
4. Verify that the contract employee has a position title that corresponds to duties performed.

IV. CONCLUSION

In general, departmental controls and processes appear to be functioning as intended. However, internal controls and processes could be enhanced in the areas of documentation of positions exempt from the five-year term limit and in website accuracy.

Observation details and recommendations were discussed with management who formulated action plans to address the issues. IAS presents these details below.

V. OBSERVATIONS AND MANAGEMENT ACTION PLANS

1. Positions Exempt from the Term Duration Limit

Background

According to UC PPSM-3, contract appointments can established "for up to a four-year duration ... [and] can be extended for up to one additional year for a

maximum total of five years.” Additionally, contract appointments may be appropriate for positions where an employment contract is customarily used in the industry to define the employment relationship; these positions “are exempt from the limit on contract duration and will be designated as such by the Chief Human Resources Officer in consultation with the Affirmative Action Officer.”

IAS judgmentally selected 38 employees from the campus, UCI Health Sciences (including UCI School of Medicine), and UCI Medical Center and obtained the most recent contract appointment agreements for review.

Observation

As part of audit test work performed, IAS noted that the department of Athletics has a contract appointment term that exceeds five years. Per discussion with UCI HR management, positions in the department of Athletics and Design & Construction Services are exempt from the term duration limit, but have not been formally documented as such.

In order to prevent potential noncompliance with University policies, UCI HR management should formally document positions that are specifically exempt from the five year term duration limit.

Management Action Plan

By March 1, 2020, Human Resources will formally document the exemption of Athletics, Office of Information Technology, and Design & Construction Services from the PPSM 3 requirement of the maximum five-year contracts terms.

2. Website Accuracy on Hiring Contract Employees

Background

Several UCI websites provide information about contract appointments, relevant policies, and the process to hire a contract employee.

Observation

IAS reviewed the relevant UCI websites and noted that it is no longer optional to recruit for contract positions as it was stated on the “How is a contract employee hired” UCI Training and Development page. There was also no mention of how ContractPRO is to be used for recruitment and hiring of contract employees. Departments searching for information on how to hire contract employees may come across outdated and inconsistent information, which can lead to non-compliance with hiring policies as well as potential for legal liability.

For campus contracts, ContractPRO will be used until the end of the year; beginning January 2020, departments will be using DocuSign for contract generation and approval workflow. The Talent Acquisition Management (TAM) module in UCPath will be used to post contract jobs and manage applicants. For Medical Center and Health Sciences contracts, ContractPRO was never in use. TAM is currently being used to post jobs, manage applicants, and hire employees into the system. Contracts are written outside of TAM using the UC Office of the President (UCOP) templates and are uploaded into TAM. Additionally, the contract is stored in the UCI Personnel Records Online System (PROS).

With the transition to DocuSign and the TAM module in UCPath, UCI HR should ensure that information on websites be consistent, comprehensive, and easily located. In addition, websites with outdated and inconsistent information should be decommissioned.

Management Action Plan

Human Resources is in process of completing a comprehensive review of the information posted on various websites. Contract information is included in this review and will be addressed. Website content will either be updated or the website will be removed altogether. These actions will conclude by May 1, 2020.