

## UC MERCED AUDIT AND ADVISORY SERVICES

June 2, 2015

To: Michael Reese – Vice Chancellor for Business and Administrative Services  
Subject: Audit of UC Merced's Hiring Practices  
Ref: Report No. M15A013: Hiring Practices Audit

Internal Audit has completed a campus wide audit of hiring practices. Human Resources has put together management corrective actions for the issues identified during the audit. We will follow up to verify that management corrective actions are completed.

We appreciate the help we received from the Human Resources staff during this review.



Todd Kucker  
Internal Audit Director

### Attachment

cc: SVP Vacca  
Chancellor Leland  
Associate Chancellor Putney  
Assistant Vice Chancellor Powell  
Director Smith  
Manager Turner

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

**Hiring Practices  
Report No. M15A013**

**June 2, 2015**

Work Performed by:  
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## Management Summary

At the request of the Vice Chancellor for Business and Administrative Services, Internal Audit has completed an audit of the hiring and human resources practices of departments at UC Merced. The purpose of this audit was to review risks and current practices in recruiting staff employees.

We reviewed the recruitment process for departments in all campus divisions. Based upon the audit, we concluded that UC Merced's hiring practices need improvement. There appear to be campus-wide issues with recruitment as issues were noted in many different departments and divisions. Hiring documentation did not satisfactorily prove that the campus hiring practices were unbiased and non-discriminatory.

The report outlines the issues and management corrective areas in the following areas:

- Candidates should be given the opportunity to interview based upon how well their education and work history compare with job requirements
- Recommended procedures for promoting a fair recruitment process should be followed
- Unless special knowledge related to UC Merced is necessary, qualified external candidates should be given the same opportunity as qualified internal candidates
- Steps should be taken to avoid perceived and actual conflicts of interest
- Standards should be established and communicated for maintaining interview notes
- Positions should be advertised so the person hired is selected from a pool of qualified candidates
- Recruiting firms should provide sufficient information to prove fair and non-discriminatory recruitments
- The Personnel Application Web System (PAWS) creates some difficulties in documenting recruitments
- Recruitments of student employees are not held to the same standards as staff recruitments

## Purpose, Objectives, and Scope

Earlier this fiscal year, Internal Audit completed two separate audits of hiring and human resources practices in Facilities Management and Housing and Residence Life. After reviewing the results of these audits, the Vice Chancellor for Business and Administrative Services requested a campus wide audit to evaluate hiring and human resources practices in departments. The purpose of this audit was to review risks and current practices in recruiting staff employees.

The objectives of this audit were:

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

The audit focused on staff hires from many different departments since July 1, 2013. The following table shows a breakdown of the recruitments reviewed.

| Campus Division                                       | Number of Recruitments Reviewed |
|---|---------------------------------|
| Business and Administrative Services                  | 10                              |
| Chancellor's Office                                   | 1                               |
| Development and Alumni Relations                      | 4                               |
| Provost's Office (including Library, IT, and Schools) | 9                               |
| Planning and Budget                                   | 5                               |
| Student Affairs                                       | 8                               |
| Office of Research                                    | 2                               |
|   |                                 |
| Total recruitments reviewed                           | 39                              |

Recruitments covered entry level, mid-level, and high-level staff positions. The recruitments summarized above relate to the permanent and limited term contract positions. We also reviewed procedures related to continuous recruitments of temporary, general clerical positions.

In order to accomplish the audit objectives and scope, we completed the following procedures:

- 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 the hires in the Personnel Application Web System (PAWS) and recompleted the disposition process for all hires by comparing candidate qualifications with job descriptions.
- Discussed interview processes with hiring managers and hiring committee members and reviewed documentation and notes from the interviews

Internal Audit completed an advisory service of Student Employment at the same time as this audit. We noted issues related to hiring students which are included on this report.

## Background

At UC Merced, departments manage many of the responsibilities related to selecting and hiring new employees. After Human Resources sets up a new position in 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 recruitment 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 hiring managers 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 should then be selected for interviewing. The reasons for selecting a candidate rather than other candidates 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 expected to disclose on their application if they have relatives working at 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. 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.

There have been OFCCP audits on other UC campuses during recent years. One potential difficulty with managing an OFCCP audit would relate to the employee time and resources required to manage the related requests for information. Hiring documentation which provides

evidence that qualified candidates were hired from pools of qualified candidates might keep the scope of an OFCCP audit from expanding.

## **Conclusion**

Based upon the audit, we concluded that UC Merced's hiring practices need improvement. There appear to be campus-wide issues with recruitment as issues were noted in many different departments and divisions. Hiring documentation did not satisfactorily prove that the campus hiring practices were unbiased and non-discriminatory. The following are potential areas for improvement.

- Candidates should be given the opportunity to interview based upon how well their education and work history compare with job requirements
- Recommended procedures for promoting a fair recruitment process should be followed
- Unless special knowledge related to UC Merced is necessary, qualified external candidates should be given the same opportunity as qualified internal candidates
- Steps should be taken to avoid perceived and actual conflicts of interest
- Standards should be established and communicated for maintaining interview notes
- Positions should be advertised so the person hired is selected from a pool of qualified candidates
- Recruiting firms should provide sufficient information to prove fair and non-discriminatory recruitments
- PAWS creates some difficulties in documenting recruitments
- Recruitments of student employees are not held to the same standards as staff recruitments

## **Observations and Management Corrective Actions**

### **1. Candidates should be given the opportunity to interview based upon how well their education and work history compare with job requirements**

During the audit, we reviewed the disposition process in PAWS for the selected recruitments by reviewing applications, resumes, and cover letters submitted by candidates. We noted many instances where candidates were identified as "Not Qualified" although their education and work history should have qualified them for the positions based upon the advertised job requirements. We also noted that candidates who did not appear qualified based upon their applications, resumes, and cover letters were marked as "meeting qualifications". These unqualified candidates were sometimes interviewed and hired. This poor identification of qualified versus unqualified candidates can result in discriminatory hiring practices.

Currently, Human Resources reviews the disposition of candidates before approving an offer letter for the position. We recommend that Human Resources review and approve (or complete) the disposition of candidates before candidates are interviewed.

### ***Management Corrective Action***

In order to ensure applicants are properly assessed based on qualifications, Human Resources will provide the first screening of applications to determine which applicants meet minimum qualifications to proceed in the process. This will be done for all administrative recruiting efforts. Hiring Managers will be given access to only those applicants that meet minimum posted requirements to select for interviews. The action plan will be implemented by June 30, 2015.

#### **2. Recommended procedures for promoting a fair recruitment process should be followed**

Human Resources has put together recommended processes for promoting fair and non-discriminatory hiring practices. One recommendation is that at least three qualified candidates be interviewed for a position. During the audit, we noted recruitments where only one or two candidates were interviewed. In most of these recruitments, there were other qualified candidates identified but the documentation in PAWS shows that these candidates were not interviewed.

To promote a fair review of candidates, Human Resources also recommends that at least three employees be included on interview committees. We noted instances where only one or two employees were set up as the interview committee in PAWS. By setting up a committee member in PAWS, the employee can review information about all candidates. This can provide more assurance that qualified candidates are properly considered for positions.

We recommend increasing involvement by Human Resources in the recruitment process. Human Resources should provide clear guidance to hiring managers and interview committees regarding expectations and requirements for promoting a fair hiring process. Before candidates are interviewed, Human Resources should review that the disposition process and other requirements to promote fair hiring processes have been completed.

### ***Management Corrective Action***

An HR Recruiter will be assigned to each recruitment as a liaison to provide consultation and oversight of the recruitment process. Mandatory training, online and in person, should be made available for all hiring managers before beginning a recruitment. A hiring packet will be provided to all hiring managers upon the receipt of a requisition to recruit to include a step by step guide, including but not limited to:

- Process steps and policy
- Committee selection guidelines; roles and responsibilities
- Confidentiality
- Conflict of Interest
- Interview questions to avoid
- Interview Biases
- Objective Interview tools
- Records Retention

The action plan will be completed by June 30, 2015.

**3. Unless special knowledge related to UC Merced is necessary, qualified external candidates should be given the same opportunity as qualified internal candidates**

We noted recruitments where internal candidates appeared to be given preferential treatment compared with qualified external candidates. In these recruitments, the qualifications and job requirements did not require considerable knowledge of UC policies or University systems, but internal candidates appeared to have the advantage for being selected for interview.

We recommend that Human Resources increase their involvement in the recruitment process before interviews are conducted by reviewing and approving the disposition process in PAWS and the selection of candidates for interviewing.

***Management Corrective Action***

Based on directives from the University of California President, an emphasis may be placed on the professional growth and development of current staff; however, applicants must meet all minimum requirements and knowledge of UC policies and systems may be preferred qualifications when deemed necessary.

Human Resources will verify that candidates are properly assessed based upon their qualifications. The action plan will be completed by June 30, 2015.

**4. Steps should be taken to avoid perceived and actual conflicts of interest**

During the audit, we noted situations which an objective third party might perceive a conflict of interest. We identified instances where employees participated in the hiring decision and a relative or significant other was hired. The employees did not recuse themselves from these recruitments. We noted other instances where it appeared that favorable treatment was shown to relatives of current employees during the recruiting process.

While candidates who have relationships with current employees should be given the same employment opportunities as other candidates, the University needs to consider how the public would view these hires.

UC policy (Personnel Policies for Staff Members - 21 *Appointment*) requires Chancellor approval (or her delegate's approval) prior to employment if the near relative would be employed in the same department and there would be a resulting direct or indirect supervisory relationship. The employee reports to an Assistant Vice Chancellor who reports directly to the Vice Chancellor. Approval is documented on the "Near Relative Request for New Hire Employment" which is utilized to evaluate whether hiring the Near Relative is in the best interests of the University and whether recruitment efforts were taken to find other suitable candidates.



We recommend that relationships be properly disclosed on Near Relative Request for New Hire Employment form, evaluated by Human Resources, and approved by the Chancellor (or her delegate). The potential conflicts of interest should be evaluated before offering employment.

### ***Management Corrective Action***

Conflict of interest training will be provided as part of the hiring manager training to ensure full understanding of the Near Relative policy and guidelines. The steps for an exception request to the Near Relative Hire are consistent with UC policy. The action plan will be completed by June 30, 2015.

## **5. Standards should be established and communicated for maintaining interview notes**

During the audit, we attempted to obtain notes taken during interviews from hiring managers and interview committees. We discerned that there was not consistency regarding whether notes should be maintained after the interviews were completed. Some hiring managers and committees were able to provide their written notes regarding candidates while others explained that they were instructed to destroy the notes.

The OFCCP has brought up issues with interview notes during audits on other UC campuses. We recommend that the issues be discussed with Campus Counsel and that Human Resources communicate requirements for these notes to hiring managers and interview committees.

### ***Management Corrective Action***

Records retention, including the retention of interview notes and any documents pertaining to the recruitment process, will be addressed in the hiring packet provided to all hiring managers upon the commencement of a recruitment. In order to proceed with the approval of an offer letter departments will be required to submit:

- Completed interview questions/notes/rating sheets
- Completed references
- Completed disposition in the applicant tracking system (PAWS)
- Background check questionnaire
- Finalist application packet – including application, resume and cover letter
- Signed Job description
- Draft Offer Letter or Contract
- If applicable: Policy compliance
- Near Relative Hire exception
- Over 25% increase exception
- Rehire Retiree

The action plan will be completed June 30, 2015.

**6. Positions should be advertised so the person hired is selected from a pool of qualified candidates**

We noted examples where someone was hired for a position which was not advertised and where there was not a competitive recruitment. In some instances, these were waivers of recruitments.

To promote fair hiring practices, a pool of qualified candidates should be identified during an advertised recruitment for a position. The most qualified candidates should be interviewed by an interview committee.

***Management Corrective Action***

Advertisement of positions will be determined based on the position in consultation with Human Resources. All UC Merced positions must be posted on the UC Merced Careers website. In addition all positions on the UC Merced Careers website are automatically advertised in the following:

- Indeed.com
- EDD CalJobs
- UC Jobs Board
- America's Job Exchange

The action plan has been completed by the time this report is issued.

**7. Recruiting firms should provide sufficient information to prove fair and non-discriminatory recruitments**

We selected nine high level recruitments, such as Assistant Vice Chancellors. With these recruitments an outside recruiting firm was utilized. We were unable to adequately evaluate these recruitments as there have been difficulties in obtaining documentation related to the pool of candidates considered. As this information is not obtained from the recruiting firm, UC Merced is unable to evaluate the impact of these hires on the campus EEO/Affirmative Action statistics. It is also difficult to evaluate whether the use of the firm resulted in a nationwide pool of talented candidates.

As with other recruitments, we recommend that Human Resources review and approve the pool of candidates before an offer letter is approved.

***Management Corrective Action***

In order to ensure the proper EEO/Affirmative Action documentation is provided by search firms, departments will be required to consult with Human Resources for staff positions where a search firm is retained. In addition, the purchasing contract should include terms of this requirement.

This action plan will be completed by June 30, 2015.

## 8. PAWS creates some difficulties in documenting recruitments

During the audit, we noted some difficulties in adequately documenting the hiring process in PAWS.

- Hiring managers and interview committees sometimes complete one round of phone interviews to determine who they will bring in for an in-person interview. Candidates who make the second round of in-person interviews are then dispositioned as "Interviewed" in PAWS. In one instance noted, this made a recruitment appear that only one candidate had been interviewed although many candidates has been identified as meeting qualifications.
- We noted different instances where two recruitments for similar positions in a department were open at the same time. In one case, the higher level search was a failed search as candidates were not deemed to be qualified for the higher position. All candidates from the two searches were then considered for the lower position. By reviewing the lower level recruitment in PAWS, an external reviewer wouldn't see the entire pool considered for the position. In another case, the disposition for the lower level candidate was not completed in PAWS as all disposition for the two hired candidates was completed in the higher level position posting.
- During a recent audit of Student Employment, we noted difficulties in dispositioning continuous recruitments. To properly document whether candidates were interviewed requires periodically ending the continuous recruitment to complete the disposition process. Rather the close and reopen another recruitment in PAWS, the disposition process is often not completed.
- We noted instances where interview notes and discussions showed that other employees were involved with screening candidates and interviews but the employees were not included on the interview committees in PAWS. As a result, it was not always easy to determine who was involved in the recruitment process.
- During various recruitments, we noted that hiring managers have different ideas in documenting candidates as "Exceed qualifications" and "Exceeds/Preferred Qualifications" in PAWS. By using the classifications, hiring managers skipped over these qualified candidates as they surmised that candidates had too much experience.

We recommend that Human Resources review and approve the disposition process and information in PAWS before candidates are interviewed. This would result in more standard procedures in how PAWS is utilized.

### *Management Corrective Action*

Human Resources will provide the initial review of applications to eliminate confusion of the disposition of qualified and non-qualified applicants. Standard procedures defining each

disposition available will be provided to hiring managers for the review of all qualified candidates. Access to continuous recruitments will be limited to central Human Resources Office in the development of a Temporary Employment Program. As this program is developed, departments will only be given access to qualified candidates based on position requirements.

This action plan will be completed by June 30, 2015.

#### **9. Recruitments of student employees are not held to the same standards as staff recruitments**

During our review of student hiring, we noted that hiring managers are not adequately documenting student employment recruitments in PAWS. We reviewed the disposition of student hires and noted that many departments had not adequately documented that appropriate processes were followed during hiring.

From discussions, we also noted that there are instances where faculty and staff have worked with a particular student in the past so a waiver of the recruitment process is utilized to hire that student for an open student employment position. To protect fair recruitment processes of staff positions, recruitment waivers are only used in exceptional situations. Waivers for student employment positions tend to be much more common.

We recommend that Human Resources work closely with the Center for Career and Professional Advancement, the department that manages Student Employment at UC Merced. Student Employment Policies and Procedures require departments manage the recruitment of student employees in the same way staff recruitments are managed. Human Resources should communicate requirements to department hiring managers.

#### ***Management Corrective Action***

While Human Resources is a willing partner for all colleagues at UC Merced, we express concern with this recommendation. Historically, the university has treated student employees as separate and distinct from the general employee population; they are first and foremost students. Under this rationale we have successfully argued that student employees are not subject to collective bargaining representation, and our shared interest in maintaining this distinction naturally limits Human Resources' oversight of the student arena. We suggest continued discussion on this point as Human Resources believes other remedies should be identified to address any identified audit concerns.

*Internal Audit note – This issue was identified on a separate Internal Audit report of Student Employment. Training for hiring managers will explain proper recruiting practices and documentation.*