# UC RIVERSIDE: AUDIT & ADVISORY SERVICES

April 20, 2015

To: Jadie Lee

 Associate Vice Chancellor, Human Resources

Subject: Campus Human Resources Functions

Ref: R2015-03

We have completed our Campus Human Resources Functions audit in accordance with the University of California, Riverside Audit Plan. Our report is attached for your consideration. We will perform audit follow-up procedures in the future to review the status of management action. This follow-up may take the form of a discussion or perhaps a limited review. Audit R2015-03 will remain open until we have evaluated the actions taken.

We appreciate the cooperation and assistance provided by campus personnel contacted to complete this audit. Should anyone have any questions concerning the report, please do not hesitate to contact me.

 Gregory Moore

 Director

xc: UCR Audit Committee Members

UNIVERSITY OF CALIFORNIA AT RIVERSIDE

AUDIT & ADVISORY SERVICES

MEMBER OF ASSOCIATION OF COLLEGE & UNIVERSITY AUDITORS

REPORT R2015-03

CAMPUS HUMAN RESOURCES FUNCTIONS

APRIL 2015

Approved by:

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 Gregory Moore

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**UC RIVERSIDE**

**CAMPUS HUMAN RESOURCES FUNCTIONS**

**AUDIT REPORT R2015-03**

**APRIL 2015**

**I. MANAGEMENT SUMMARY**

Based upon the results of work performed within the scope of the Campus Human Resources Functions audit, it is our opinion that, except for the observations noted in this report, overall, the campus Human Resources (HR) reporting structure and HR-related functions of various units are effective and generally consistent with applicable best practices.

A positive observation noted during the audit is that the employees surveyed and interviewed consider the Central HR office a reliable resource for accurate information and HR consultation.

We observed two areas that need enhancements to strengthen internal controls and/or effect consistency with best practices:

* Inconsistencies exist with regards to HR functions across campus Organizational units. (Observation III.A)
* Inconsistencies exist in education and training levels for UCR employees performing HR functions. Additionally, training records within the departmental/organizational levels are not maintained to substantiate HR training received. (Observation III.B)

**II. INTRODUCTION**

 **A. PURPOSE**

UCR Audit & Advisory Services (A&AS), as part of its annual Audit Plan, conducted a campus HR functions audit to evaluate the effectiveness of the campus HR reporting structure and HR-related functions of various units, as well as their consistency with best practices.

 **B. BACKGROUND**

Campus HR functions have been managed in a variety of ways at UCR. Currently, there are Organizational units with decentralized HR structures, managing their HR functions at the departmental level with lower level administrative positions. Conversely, there are Organizational units with centralized HR structures, utilizing higher management level personnel to manage their HR functions. Implementation of best practices in HR management optimizes a workforce so that it does not only get more done, but also ensures a greater level of efficiency, timeliness, and quality as it accomplishes increased overall productivity. While both decentralized and centralized structures have their respective advantages and disadvantages, the variation at UCR has led to inconsistencies in HR-related functions across the campus.

 **C. SCOPE**

A&AS developed and administered surveys to 27 Organizational units on campus, receiving 25 responses, of which 13 judgmentally selected units were reviewed in-depth.

Additionally, A&AS interviewed the following:

* Associate Vice Chancellor, Human Resources,
* Director of Human Resources - College of Humanities, Arts and Social Sciences (CHASS),
* Chief Financial and Administrative Officer - College of Natural and Agricultural Sciences (CNAS),
* Director of CNAS Academic Personnel Services Unit (APSU),
* Director of CNAS Non-Academic Personnel Services Unit (NAPSU),
* Chief Financial and Administrative Officer - Vice Chancellor, Student Affairs (VCSA), and
* Analyst III (VCSA.)

Our substantive audit procedures were performed from August to October 2014. Accordingly, this report is based on our knowledge as of that time and should be read with that understanding.

**III. OBSERVATIONS, RECOMMENDATIONS, AND MANAGEMENT RESPONSES**

1. **HR Campus Functions**

 Inconsistencies exist with regards to HR functions across campus Organizational units.

COMMENTS

Of 13 Organizational units reviewed, nine and four units have centralized and decentralized HR functions, respectively. The units with centralized HR utilize personnel in higher management level positions for HR functions while the units with departmental level HR utilize personnel in lower level administrative positions.

The varying methods of performing HR functions with the Organizational units have led to inconsistencies in areas such as:

* Use of probationary periods
* Absence management
* Telecommuting (during probationary period)
* Recruitment and selection processes including reference checking and employment verification
* Requests for accommodations due to disability
* Performance expectations and standards
* I-9 process
* Overtime calculation
* Alternate work schedules (coding time appropriately)
* Inconsistent application of policy and contract provisions
* Personnel file management

Inconsistent application of HR-related functions may result or have resulted in adverse employment actions for both employees and UCR, as well as potential noncompliance with external agency regulations and UC/UCR policies.

RECOMMENDATION

Central UCR HR should assess and determine the most effective and efficient way for UCR Organizational units to manage their HR functions in a more consistent manner. A determination should be made as to whether the units should be centralized or decentralized, as well as how the reporting relationship between the units and Central HR will be most effective. Once these determinations have been made, changes should be implemented across all campus Organizational units.

MANAGEMENT RESPONSE

The central HR department, together with other campus stakeholders, engaged with Huron consulting to model future state organizational structures for optimal performance of HR work in the UCPATH environment. Four models were developed and presented to campus leadership to select the future state in February. They requested provision of additional information, which was provided and is currently under review. A decision is anticipated in the next few weeks. Common elements of all models include the creation of an HR partner role to act as primary point of contact for managers and unit level leadership; an operations role responsible for transactional activities, and a central office role responsible for program design. This item has an estimated implementation date of October 1, 2015. However, this estimated date is contingent upon the decision and implementation of the HR model. If the new model is not implemented by October 1, 2015, we will reevaluate the progress and revise the implementation date.

1. **Training**

Inconsistencies exist across Organizational units in the education and training levels for UCR employees performing HR functions. Additionally, training records are not maintained within the departmental/organizational levels to substantiate HR training received.

COMMENTS

In our interviews with six HR personnel from three of the largest Organizational units (CHASS, CNAS, and VCSA), the level of education varied between employees, ranging from an Associate’s degree to a PhD, although all had attended college. Also, the level of HR training, taken both within and outside of UCR, varied greatly. Training ranged from one employee with a Professional in Human Resources (PHR) certification requiring Continuing Professional Education courses annually to an employee with no HR training outside of UCR and only minimal training courses while in her current position.

Additionally, training records substantiating training courses attended have not been maintained within the departmental/organizational levels for five of the six HR personnel interviewed. While training courses in the UC Learning Center (LMS) are centrally documented, in-person and off-site training sessions may or may not be tracked.

Inconsistent and lack of training for HR-related functions may lead to the dissemination of inaccurate information to campus employees, which may result in adverse employment actions or noncompliance with external agency regulations and UC/UCR policies. The failure to track relevant HR training information may also prevent UCR from demonstrating that necessary or mandated training has been provided to appropriate employees.

RECOMMENDATION

Central UCR HR should consider setting a minimum standard level of education and training for all HR-related personnel going forward so as to be consistent across campus. Additionally, a required selection of training courses for all UCR HR-related personnel should be implemented by Central HR, possibly documented through the LMS system or other means, to ensure these personnel are continuously and consistently trained on HR functions. Standardized training can assist in the dissemination of accurate and consistent HR information throughout the campus.

MANAGEMENT RESPONSE

With the creation of the HR Partner role, Central UCR HR recommends that incumbents be required to possess or obtain professional HR certification through a national accreditation organization. This could consist of the SPHR, SHRM-SCP, CCP or CALPELRA certifications. As part of the transition to Career Tracks (currently in progress) education and experience requirements are being standardized across the UC system. This item has an estimated implementation date of October 1, 2015. However, this estimated date is contingent upon completing the transition to Career Tracks. If the transition is not completed by October 1, 2015, we will reevaluate the progress and revise the implementation date.