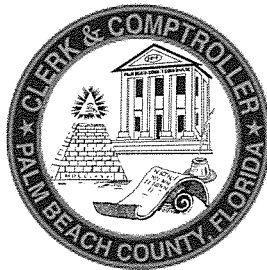


**CLERK & COMPTROLLER
PALM BEACH COUNTY
HUMAN RESOURCES DEPARTMENT
OPERATIONS AND REGULATORY
COMPLIANCE REVIEW**



SHARON R. BOCK
Clerk & Comptroller
Palm Beach County

**Division of Inspector General
Audit Services Unit**

August 8, 2012



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The Honorable Sharon R. Bock, Esq.
Clerk & Comptroller

We conducted a review of the Human Resources' Operations and Regulatory Compliance processes.

Our objectives were to evaluate the overall effectiveness and efficiency of selected core HR Operations and related internal controls as well as verify compliance with pertinent laws, regulations and policies.

Our review was neither designed nor intended to be a detailed study of every process, procedure, transaction or system in each area. Accordingly, the observations and recommendations included in this report are not all-inclusive.

The review identified various control weaknesses and opportunities to strengthen the HR Department. For example, practices in some areas did not comply with federal and state laws and regulations. Opportunities exist to develop and formalize an overall strategy and process for monitoring compliance within the Clerk's organization. Written policies and procedures required development or update to ensure compliance with federal and state laws as well as with Clerk HR policies. Logical and physical security controls over access to HR systems required improvement. Opportunities exist to enhance HR reporting and performance measures as well as compliance training to HR staff and operating department management.

We appreciated the cooperation of management and staff during the course of this review.

Respectfully submitted,

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Introduction

Background

The Clerk's Human Resources (HR) Department is responsible for a variety of functions and processes including recruitment, new hires and related background checks, terminations, health and benefit plan administration, compensation, performance evaluations, regulatory reporting, training, reward and recognition programs, worker's and unemployment compensation, wellness programs, public records retention and volunteer and intern programs.

The Department services approximately 740 Clerk & Comptroller employees by assigning specific contacts to each of the Clerk divisions. Also, certain HR staff have been designated as functional experts (e.g., employee requisitions, career postings, benefits, compensation, activities) to enable one point of contact and consistency of services provided. The HR Department uses several automated applications, in addition to standard office applications, to assist in its work. The systems include the PeopleSoft Enterprise Human Resources Module (salary planning and benefits), First Advantage (recruitment), The Learning Connection (training tracking), Workforce Answers and HR Classroom (distribution of training), and Access PI/PI Pro (compatibility assessments).

The HR Department is led by Michele Nelson – Director, with two direct reports and eight supporting staff positions. Volunteer staff is utilized to supplement the current team. The Department has experienced significant staff reductions and a dedicated Chief Officer has not been in place since March 2011. Several key positions were also vacant during all or a portion of the audit period including, but not limited to, the HR Manager, Benefits Administrator, HR Analyst, Employment Specialist, and HR Coordinator. The budget for FY 2011-2012 is \$1.4 million, with 77% allocated to departmental employee compensation and benefits.

Scope and Methodology

The Clerk's Audit Services Unit of the Division of Inspector General conducted a review of select core operations functions of the HR Department, including compliance with key statutory and regulatory requirements.

The objectives of this audit were to obtain an understanding of the HR processes, evaluate the overall effectiveness and efficiency of HR processes and related internal controls, and verify compliance with pertinent laws and regulations as well as established policies.

More specifically, the scope included selected core HR Operations processes including such areas as new hires, background checks, terminations, performance evaluations, record retention, and logical and physical security of HR records. The adequacy of the Clerk's ethics training program was evaluated. Research was performed to develop a comprehensive inventory of relevant laws and regulations, and testing was performed of compliance areas representing higher risk. Opinions were obtained from the Clerk's Legal Counsel for compliance issues that required further assessment and conclusion. The scope excluded health and benefits plans as well as claims administration and coordination with third-party processors, compensation and risk management.

In order to meet these objectives, we conducted interviews, reviewed departmental processes, performed a risk assessment of the areas under review, evaluated the internal control environment, and conducted sample testing of internal controls and transactions. Testing performed covered the period from January 1, 2010 through July 26, 2011. We performed other procedures that were deemed necessary under the circumstances.

Conclusion

The review by the Clerk's Audit Services Unit identified various control weaknesses and opportunities to strengthen the HR Department's compliance oversight and operational processes.

Specifically, current HR practices in some areas did not fully comply with federal and state laws and regulations and opportunities exist to develop and formalize an overall strategy and process for monitoring compliance within the Clerk's organization. Testing of newly hired and terminated employees identified various exceptions in the completeness and approval of recordkeeping and compliance with legal and internal requirements. Temporary positions were not adequately monitored to ensure that such positions were not considered regularly established by statute and thereby subject to Florida Retirement System (FRS) contributions.

In addition, written policies and procedures required development or update to ensure compliance with federal and state laws as well as with Clerk HR policies. Logical and physical security controls over access to HR systems required improvement. Opportunities exist to enhance HR reporting and performance measures as well as compliance training to HR staff and operating department management.

Review Team:

Alan Bray, Deputy Inspector General & Audit Manager
Charles Mansen, Audit Project Administrator

Observations & Recommendations

The review identified certain policies, procedures and practices that could be improved. The review was neither designed nor intended to be a detailed study of every relevant system, procedure or transaction. Accordingly, the observations and recommendations presented in this report may not be all-inclusive of areas where improvement may be needed.

1. Federal and state law compliance monitoring practices require improvement.

Numerous areas within HR Operations are directed and guided by specific federal and state laws and regulations. Consistent compliance is critical. The review identified areas in which current HR practices were not in compliance. Opportunities exist to develop and formalize an overall strategy and process for monitoring compliance throughout the Clerk's organization.

A formalized strategy and compliance monitoring process would enable HR management to more effectively identify and communicate changes in laws, revise policies and procedures accordingly, train HR and operating department management, and monitor ongoing compliance throughout the Clerk's office.

HR management relies on continuing education, publications received through their memberships in professional organizations (e.g., Society for Human Resource Management (SHRM)), employment law subscriptions with publishing companies, web alerts and outside legal counsel to stay abreast of changes in pertinent federal and state laws and regulations. The HR Director and Manager are also certified as a Senior Professional in Human Resources (SPHR). Several HR staff are certified as a Professional in Human Resources (PHR).

Examples of changes in laws and regulations that have not been adequately identified and incorporated into the Clerk's organization include the following:

- a) The Loyalty Oath is not administered to new or current employees, as required by F.S. 876.05 (established in 1949), prior to payment of any salary, expense or other compensation to employees of governmental agencies.
- b) The Drug-Free Workplace policy may not have been revised since 1998 (according to the policy header) while the underlying statute (Section 440.102, F.S.) has been revised 11 times since that date. The policy is included in the new hire orientation program.
- c) Hiring practices do not include written procedures to ensure that veterans are given special consideration at each step of the employment selection process as required by State of Florida (F.S. 295.07(2) and F.S. 295.08).
- d) The I-9 form used by HR for employment eligibility verification of all workers is outdated. The version used by HR expired on June 30, 2009. The current version available on the Department of Homeland Security (DHS) website was revised on August 7, 2009 and expires on August 31, 2012.
- e) A required electronic privacy practices notice with health benefit information, as required by the Health Insurance Portability and Accountability Act (HIPAA), is not posted on the Clerk's intranet website.
- f) While not a prohibited practice, voluntary questions related to gender and race is included in pre-screening prior to the invitation to apply for employment. The practice may be interpreted as discriminatory by the Equal Employment Opportunity Commission (EEOC) if no legitimate business reason exists. The Clerk's Legal Counsel agreed it was not a prohibited employment practice but recommended not posing the questions to applicants as a precautionary measure.
- g) HR conducts periodic self-audits of active and terminated employee folders and I-9 forms to ensure adherence to regulations and internal policies. However, the self-audit in November 2010 was not documented to enable tracking of deficiency resolution.

Recommendations:

- A. Develop an overall strategy and assign responsibility for identifying changes in federal and state laws and regulations and ensuring such changes are incorporated into Clerk-wide organizational policies and procedures.
- B. Develop tools and procedures for monitoring on-going compliance with federal and state laws and regulations, conducting self-audits, and reporting audit results and closure of deficiencies noted.
- C. Consider voluntary use of the Department of Homeland Security E-Verify as a best practice to verify employment eligibility.

Management Responses:

- A. In the absence of a Chief HR Officer, the HR Director must be relieved of many of the day-to-day functions and responsibilities in the HR Department to allow the opportunity to develop and implement HR strategies that address some of the needs identified in this audit. The HR Director has been serving in a dual capacity since March 2011, as well as providing guidance and on-the-job training to new staff in HR. Additional resources, including a designated manager overseeing benefits, compliance, employee relations investigations, policies/procedures and HRIS, are required to adequately address many of the needs identified in this audit. HR management will continue to evaluate the department's needs and develop a more detailed action plan on the overall strategy and assignment of responsibilities.

Target Completion Date: 12/31/12

- B. HR is in the process of reviewing and updating all administrative policies and the Employee Handbook. With the reduction of staff resources since 2009, positions held vacant in HR and the loss of experienced and tenured staff, HR is in a state of rebuilding. In this state, new staff (there are six team members with less than one year of service) are being trained and acclimated to their roles in the Clerks' Office. As a result, lower-priority and low-risk policy updates will be completed after higher priority items. HR will finalize the update of policies and the Employee Handbook and ensure needed tools are in place. Refer to Management Responses D through J below for further explanation.

Target Completion Date: 12/31/12

- C. HR is researching the use of the Department of Homeland Security E-Verify as a best practice to verify employment eligibility and will decide on best next steps.
Target Completion Date: 9/30/12
- D. The Loyalty Oath was administered to all existing employees in October 2011 and is now administered to all new employees during new employee orientation. This oath requirement was initiated, approved, and added to the new hire forms. All existing employees are required to complete the form and HR stated they are in 100% compliance.
Target Completion Date: Completed
- E. Although a formal process of assigning points has not been utilized in the past, it has been an established HR practice to provide eligible veterans with preference at each step of the recruitment and hiring process. HR review of this practice did identify a need to develop a formal documented process. HR worked with Legal Counsel to develop this policy and procedure, which includes the assignment of points during the recruitment and hiring process. The policy and procedures have been drafted and are in the review and approval process.
Target Completion Date: 8/31/12
- F. HR staff was directed by management to replace the I-9 form in the new hire paperwork packets with the updated version at the time the form changed. The new form was initiated; however, the form was used intermittently as a result of volunteers or staff assembling the new hire forms packets. An old I-9 copy was obtained from one of the old packets in error by staff and then duplicated. This was corrected on October 5, 2011 when HR began distributing new hire forms electronically to avoid future duplication errors. HR staff has been re-trained to verify the expiration dates of forms each time they are used. The importance of maintaining compliance in this area has been communicated to staff.
Target Completion Date: Completed
- G. HR is working with Legal Counsel and external resources to review all HIPAA requirements. With this review, HR will update all HIPAA required notices, postings and agreements. Once complete, the electronic privacy practices notice will be posted on ClerkNet. As a point of information, Clerk & Comptroller access to employee protected health information (PHI) is limited. All claims reviews and fiduciary responsibility is assigned to the carrier.
Target Completion Date: 12/31/12

H. Applicants for employment may voluntarily elect to provide EEO data from drop down menus within the Applicant Tracking System. This data would allow HR to report on the candidate population and compare it to new hires for diversity statistics in the event it would be necessary. This voluntary EEO questionnaire was located within the third party vendor electronic applicant tracking system where HR did not see or have access to the data until after the candidate was identified as "hired" and it was reported by position. On October 1, 2011 HR began the software migration with First Advantage to their new system "HRLogix" and was able to customize the functionality. Since it is not a requirement to capture this voluntary EEO data from the applicants, HR has removed it from this system. HR will use data collected during new hire processing as it is required for EEO 4 reporting biannually.

Target Completion Date: Completed

I. An I-9 Audit is performed annually at year end to remove terminated employees and archived in accordance with retention schedules. There is a written procedure for conducting an I-9 audit and year-end process that has been in place since November 2010. There is an audit report for November 2010 and August 2011 and deficiencies were noted. The HR Coordinator audits each I-9 as it is submitted from the Employment Specialist for compliance before it is added to the active employee binders.

Target Completion Date: Completed

J. HR will implement a documented internal process for conducting personnel file audits, including tracking of results and deficiency resolution.

Target Completion Date: 8/31/12

2. New hire and termination practices and documentation were not consistently executed.

HR policies and procedures require specific practices and documentation to be completed for newly hired and terminated employees. The review identified instances in which such requirements were not satisfied and documentation did not support completion.

Sample testing of 30 permanent and temporary employees that were hired and/or terminated between January 1, 2010 and July 26, 2011 (11 of 30 were both hired and terminated in the same period) disclosed the following observations.

A. Missing Documents and Records

Documents and records required by Clerk policies and procedures were not always present in the employee personnel folders or in separate files held by the Facilities & Security Department. We found numerous instances of missing documents and records, including the following:

- 1) criminal background check results (20) though the security clearance checklist indicated completion,
- 2) introductory appraisals or PAN forms for release from the introductory period (10),
- 3) employment history verifications (5) and authorization (1),
- 4) new hire checklists (3),
- 5) drug screening results (1),
- 6) separation notifications (13),
- 7) termination PAN form (1), and
- 8) other documents including educational transcripts (1), fingerprint analysis (1), notice of Clerk social security policy (1), and chain of custody form (1).

In addition, in an isolated incident, the background check of an employee's driving record within DHSMV was not performed until two weeks after the date of hire. The employee was hired into a mail room position prior to proper clearance for driving Clerk vehicles. Three other required forms (Rules for Driving Clerk's Vehicles, Employee's Acknowledgement, and a Driver Information document) were not completed and signed by the employee until two weeks after the date of hire. Management stated that this error was made by a temporary employee.

In another case, official college transcripts were not requested for one employee hired in April 2008 and terminated in June 2009. The employee was rehired in September 2009, again without first obtaining official transcripts. Subsequent requests resulted in receiving the transcripts in March 2010, which indicated the employee did not receive a degree as falsely reported, at which time the employee was terminated in April 2010.

B. Inadequate Approval, Completeness and Timeliness

Testing identified numerous instances in which documents were incomplete, lacked proper approval signatures and dates, or were processed prior to receipt of operating department approvals.

- 1) The incomplete documents included 24 employment requisitions that were missing key information (e.g., hire dates, job offer dates, and temporary length of assignments) and 20 PAN forms that were undated or missing key dates (e.g., hire date, effective date).
- 2) Approval and review signatures by HR management were missing on PAN forms (39), employment requisitions (20), employment history verifications (4) and security clearance checklists (6). Also, approval signatures by operating department management were missing on employment requisitions (3) and a PAN form.
- 3) HR processed PAN forms (9) prior to receipt of operating department approvals, including certain PAN forms with termination dates prior to completion of forms by operating department management. Also, one employment requisition indicated that the employment offer was made and the new hire process was initiated before operating department management approved the employment requisition. Management stated there are times when HR receives email or verbal notification and authorization from senior management, which are typically time sensitive (e.g., terminations) that HR must process promptly.
- 4) HR receipt date stamps were not consistently applied to new hire and termination PAN forms (35). Also, termination dates recorded on the PAN forms did not match with the PeopleSoft termination dates (4).

C. Inadequate Record Filing and Retention

Testing indicated various instances (10) in which applicant folders had missing documents including applications, interview schedules, interview panel questions, and applicant testing results.

D. Lack of Compliance with Laws and Regulations

Testing identified instances of non-compliance with State of Florida laws and regulations, some of which were reported in Observation A. In addition, the following observation was noted.

- 1) Required documentation of efforts to recruit and interview equally qualified U.S. workers was not found in one H-1B foreign worker records. According to the Immigration and Nationality Act (INA), an employer, before applying for H-1B status for any alien worker, must take good faith steps to recruit U.S. workers for the job and wages for which the alien worker is sought. The employer must offer the job to any U.S. worker who applies and is equally or better qualified than the H-1B worker. This attestation does not apply if the H-1B worker is a "priority worker" (see Section 203(b) (1) (A), (B), or (C) of the INA). Evidence was lacking that equally qualified U.S. workers were interviewed or that the worker is a "priority worker" as defined by INA. It should be noted that outside legal counsel was retained to comply with the complex legal requirements for this H1-B visa.

Recommendations:

- A. Monitor new hire, active and terminated employee records, identify and record missing documents that are required by regulations and internal policies, and follow up for correction and resolution.
- B. Ensure that required approvals for new hires and terminations are completed prior to executing the transactions and updating the PeopleSoft database.
- C. Ensure that all required employment documents and background checks have been received and reviewed prior to employment of new hires as deemed appropriate.
- D. Establish procedures to ensure retention of documentation demonstrating good faith efforts to recruit and interview equally qualified U.S workers when considering the employment of H-1B foreign workers.

Management Responses:

- A. The HR staff reviews approximately 24,000 employment applications per year, routes approximately 700 PAN forms, 1,500 performance reviews, and a large volume of miscellaneous employee transactions in PeopleSoft for name changes; educational, certification, deputization, notary, etc. attainment; disciplinary actions; and, introductory period status changes, as needed.

Due to the distributed locations of the Clerk's offices, HR periodically operates from scanned copies of documents for efficiency or as required due to business needs. This has resulted in duplication or misplacement of forms when copies are routed for approval signatures.

There was a reduction in workforce in 2009, which significantly impacted the HR Department. There was significant turnover in tenured staff, lack of cross-training resources available, and temporary staff or volunteers were used to augment the department during the transition of vacant positions.

The HR Manager responsible for this functional area was vacant since April 2009. The new HR Manager was hired in November 2010. The HR Manager position is tasked with ensuring accuracy and compliance in the hiring and termination processes. The manager performs a "spot check" of the files and paperwork as part of the process. HR staff has been directed in the proper processes for these functions.

In accordance with the educational verification process, employees were provided 90 days post-employment to comply with the educational verification in the past. Effective August 2011, new employees were required to provide educational verification prior to hire date. Since that time, there have been instances where the hire date has been delayed if official transcripts were not received by the anticipated hire date.

Incomplete employment forms or forms missing signatures are returned. Personnel or position changes are not processed without all required information and approvals. HR is updating procedures for all functions for which completion will be monitored in Management Responses 1.B and 4.A.
Target Completion Date: Completed

B. See Management Response A. Also, a management report has been created and is provided weekly to monitor PeopleSoft employment transactions of new hires, promotions, transfers, and separations.

Target Completion Date: Completed

C. See Management Response A. Also, employment verifications are performed by a third party and may not be completed prior to hire due to response timing from previous employers. Employment verification discrepancies are resolved within a reasonable timeframe based on the individual circumstance. Resolutions are documented on the verification forms and noted in the personnel file.

Target Completion Date: Completed

D. The pursuit of the employee requiring the H1-B visa was an isolated incident and not indicative of standard HR employment practice. Outside legal counsel specializing in this area was contracted to administer this exception. HR management did not recommend this recruitment avenue and does not intend to pursue this practice again in the future.

Target Completion Date: Completed

3. Temporary positions and employees are not adequately monitored to ensure FRS contributions are made when needed.

Temporary positions are not adequately monitored to ensure that such positions are not unintentionally considered regularly established positions by Florida regulations and thereby subject to FRS contributions.

Florida Administrative Code (FAC 60S-1.004(5)(c)) states that:

“When an employment position in a local agency is extended beyond 6 consecutive calendar months, with the exception of those listed in paragraph (d) below, it shall become a regularly established position for retirement purposes and the employer shall enroll the current employee and all subsequent employees filling the position into the retirement system and shall begin to make the necessary contributions on the first day of the seventh calendar month, or on the first day of the month following the month in which the decision is made to extend the position beyond 6 months, if earlier. When a temporary position extends beyond 6 months and there is no documentation

substantiating that the position was originally established as a temporary position to last for 6 months or less, the employee filling such position will be enrolled from the initial date of employment and retirement contributions shall be due retroactively to that date.” The exception in paragraph (d) includes student positions and work study programs.

HR management stated that temporary employment is position controlled and they must partner with Payroll and departmental management to monitor duration of temporary assignments. The Payroll Manager stated that HR was responsible for monitoring the duration of temporary positions, changing settings in PeopleSoft for FRS contributions, notifying FRS of the change from temporary to regularly established positions, and notifying Payroll if retroactive contributions are required.

Analysis of temporary positions in place from January 2010 through July 2011 identified 46 instances in which multiple temporary employees were included simultaneously in a single common position number. Documentation may be inadequate to substantiate that individual positions were originally established as a temporary position for duration of less than six months. These issues increase the risk that FRS contributions may be required, including situations in which FRS contributions are due retroactively to the initial date of employment.

Recommendations:

- A. Establish unique position control numbers for temporary positions to provide adequate records to substantiate those individual positions have been established as temporary positions for periods of less than six months.
- B. Develop policies, procedures and reporting tools to monitor the duration of temporary positions to ensure that positions do not unintentionally become regularly established positions subject to FRS contributions.
- C. Coordinate efforts with Clerk’s Payroll to ensure that the required information is entered into PeopleSoft and communicated to the FRS to enable compliance with the Florida Administrative Code.

Management Responses:

- A. Unique position control numbers have been established to differentiate FRS eligible temporary positions from non-FRS eligible temporary positions. The

Employment Requisition Form was solely used to make this determination prior to establishing these unique position control numbers.

Target Completion Date: Completed

- B. Department managers' request for recruitment and selection of temporary employees is initiated from the employment requisition form that identifies the position control number to be utilized, and the expected duration of the temporary assignment. HR has established a position control numbering protocol for temporary positions that are expected to exceed 180 days that would be eligible for FRS contributions. This unique position number contains the letter "F" for "FRS" and the letter "T" for "Temporary" and is used to hire the temporary employee, which will be enrolled in FRS effective on the start date of employment. A temporary employee report is run monthly to monitor employment duration for temporary employees to ensure they do not exceed the anticipated duration.

Target Completion Date: Completed

- C. Clerk's Payroll was notified of all current employees whose temporary positions had been extended beyond six months. Copies of Personnel Action Notice (PAN) forms indicating the FRS eligibility have been provided. Payroll was advised of the position control number indicating the FRS eligibility, which they monitor via system notification emails and by receiving a copy of the processed PAN form.

Target Completion Date: Completed

4. Written policies and procedures require preparation and update.

The HR Department has an extensive list of policies, procedures and forms to guide the Clerk's organization and employees. The documentation is maintained in various sources, including the Employee Handbook and administrative policies on the Clerk's intranet site. The department relies on federal and state laws and regulations as well as Clerk policies to guide HR staff in performing their duties and providing direction to management in supervising their staff. The review disclosed that some procedures require development or update to ensure compliance with laws and regulations throughout the organization as well as compliance with

internal Clerk policies. Best practices in internal controls indicate that written procedures help ensure accuracy and consistency in the quality of work.

Examples of the procedures that require development or update to ensure compliance with federal and state laws include the following areas.

- a) Procedures to ensure compliance with the INA related to:
 - i. anti-discriminatory requirements related to I-9 Form completion,
 - ii. application for certification and required notices for foreign worker visa and immigration classes, and
 - iii. retention of records for recruitment of foreign workers, including records related to applications and interviews of equally qualified U.S workers.
- b) Completion of the Loyalty Oath by all employees (as required by FS 876.05) prior to payment of any salary, expense, or other compensation.
- c) Procedures for retention, segregation, confidentiality, and security of medical/benefit records as required by FMLA and HIPAA.
- d) The Clerk's FMLA policy is outdated due to procedural references to various forms and notices that are no longer used in the FMLA process. The notices and forms referenced in the online FMLA policy are not accessible online.
- e) FMLA policy does not include required information concerning military family leave entitlements, including provisions for 12 weeks of FMLA leave for qualifying exigencies related to an employee's spouse, son, daughter, or parent who are on active duty or have been notified of impending active duty in the US National Guard or Reserves. Also, FMLA provides for 26 weeks of FMLA leave annually for care of an active service member with a serious injury or illness if the employee is the spouse, son, daughter, parent, or next of kin of the service member (Military Caregiver Leave).
- f) FMLA policy and the Clerk's Employee Handbook do not include required information concerning Unlawful Acts by Employers and Enforcement. A general notice is required to be included in the Employee Handbook or other written guidance to employees.

- g) The HIPAA Notice of Privacy Practices for Protected Health Information requirements has not been satisfied. A covered entity must prominently post and make available its notice on any web site it maintains that provides information about its customer services or benefits. The HIPAA Privacy Practices Notice is not included on the standard law poster provided by the Labor Law Center or on the standard FMLA notice.
- h) Procedures to comply with the Florida General Records Retention Schedule GS-1SL. Management stated they relied upon this schedule to guide their decisions.
- i) Procedures to update exempt job classifications and ensure duties are deemed exempt level by actual position duties as required by the Fair Labor Standards Act (FLSA).
- j) Policies and procedures to provide guidance on monitoring active and terminated employee folders and I-9 form records to ensure retention of proper documentation required by federal and state laws and regulations as well as Clerk policies and procedures.

In addition, we identified procedures that require development or update to ensure compliance with internal Clerk HR policies, as highlighted below.

- k) HR procedures do not include the Clerk's Employee Handbook requirement to perform criminal background checks on employees requesting internal transfers to non-safety sensitive positions when a background check has not been performed in more than 12 months.
- l) The Employee Handbook does not include the current requirement for employees to complete the Conflict of Interest Form. HR did not include completion of the Conflict of Interest Form in the new hire process though the form was added to the New Hire Checklist during this audit.
- m) HR recruitment and selection procedures are not current, do not include examples of recruitment forms, and do not specify a deadline for operating department review of applications and resumes.

- n) Procedures for completing and retaining employee progress reports require update and should include steps for filing rebuttals, management responses, and performance improvement plans. Also, the appraisal procedures do not include introductory status performance evaluations for internal transfers as required by the Employee Handbook.
- o) Procedures for terminations could be enhanced by including repayment of reimbursements (e.g., education, training, and certification), voluntary exit interviews, document retention, and posting into PeopleSoft.
- p) The Clerk's Violence in the Workplace policy conflicts with County policies concerning prohibition of weapons, due to a phrase that only prohibits knives with a blade longer than four inches. County PPM CW-L-04 defines all knives and cutting utensils as being weapons that are not permitted in the Government Center, unless possession or use is in accordance with specific job duties.

Recommendations:

- A. Develop and update procedures for the gaps highlighted above to ensure HR staff and Clerk management maintain sufficient awareness and skills to comply with HR related laws and regulations as well as internal Clerk policies. The Clerk's Legal Counsel should be consulted as needed to ensure completeness.
- B. Post the related notices and forms for online access by Clerk employees.
- C. Include a general notice of the FMLA exceptions in the Employee Handbook. Consider using text of the prototype FMLA poster describing the employee rights and responsibilities.
- D. Review and revise the Clerk's Employee Handbook to ensure compliance with Florida Statutes and County policies regarding access to facilities, prohibited items and security.

Management Responses:

- A. It is unrealistic to document a formal process and procedure for every transaction performed in HR. While it is desirable to standardize common practices, HR is required to consider many factors and unique circumstances

involving employees and resolutions, commonly reviewed on a case-by-case basis. There is no statute or rule that provides for all processes to be documented. HR has developed and updated many of the procedures cited in this observation including: loyalty oath, FMLA policy and related forms, criminal background checks, conflict of interest form in the new hire checklist, and workplace violence. HR will continue efforts to develop and update the other highlighted items in the HR procedures and Employee Handbook (e.g., INA and HIPAA requirements, record retention, and FLSA requirements, recruitment and selection, performance appraisals and terminations).

Target Completion Date: 12/31/12

- B. The FMLA policy was updated in January 2012 and includes the Employee Rights and Responsibilities Notice in the policy. HIPAA notices and posting requirements are currently under review as noted in Section 1, Management Response G. Changes will be implemented as required.

Target Completion Date: 12/31/12

- C. The Employee Handbook (Section 7.27) contains a brief summary of the benefits provided by FMLA as well as how it is applied. The Handbook refers employees to the more detailed FMLA Administrative Policy for further information.

Target Completion Date: Completed

- D. HR is updating the Clerk's Employee Handbook to ensure compliance with Florida Statutes and County policies regarding access to facilities, prohibited items and security.

Target Completion Date: 12/31/12

5. Logical and physical security controls over access to PeopleSoft and HR information require improvement.

Information technology (IT) security controls over access to PeopleSoft and physical access to HR information require strengthening.

- a) User identifications (IDs) and password access to Performance Impact and several discontinued applicant assessment test programs were published in

the HR Recruitment and Selection procedures. Such information should be secured and not shared openly.

- b) Temporary employees and volunteers have been provided access to active and new hire employee records and I-9 employment verification records. Such records include driver's license numbers, social security numbers, and other confidential personal information protected from disclosure by F.S.119.071. HR stated that temporary employees are used when staffing shortages are experienced, and that background and drug tests are performed for these individuals.
- c) Four temporary HR employees were provided view-only access to the PeopleSoft personnel database.
- d) One HR recruitment staff member had data entry access to Workforce current job information within PeopleSoft.

Recommendations:

- A. Restrict access to active and new employee folders and I-9 employment verification records to regular HR staff to maintain maximum confidentiality of employee records and to prevent unintentional disclosure.
- B. Review access and security profiles for HR personnel as well as temporary staff and volunteers. Ensure access rights are properly granted and a proper segregation of duties has been established for PeopleSoft access privileges.

Management Responses:

- A. Staff roles and group access were verified in conjunction with a PeopleSoft security review. Departmental procedures are followed by submitting a PeopleSoft Security Request to the HelpDesk for each addition and/or change to system access in HR. System access information is no longer included in HR shared documentation or procedures.
Target Completion Date: Completed
- B. Access is restricted to staff who are required to process documentation for active new hires. When the use of temporary staff becomes a necessity, access to

employment information to perform their duties may be required and granted on a limited basis. All temporary employees undergo background checks and drug tests and are held to the same standards as regular HR employees. Volunteers undergo background checks, are restricted from working on current personnel files, are not provided PeopleSoft system access, are given limited access to other records for a specific purpose (e.g., alphabetizing, inventorying contents), and are routinely monitored.
Target Completion Date: Completed

- C. All system access needed by position was identified and assigned by group, which represents a more in-depth assignment of access by function.
Target Completion Date: Completed

6. Opportunities exist to improve HR efficiency, reporting and performance measures.

Opportunities exist to expand the functionality, reporting and performance measurement information available from PeopleSoft. Inaccuracies were noted in certain HR reports monitoring new hire and termination activity.

HR utilizes multiple stand-alone systems to support the operations. The systems include the PeopleSoft Enterprise Human Resources Module (salary planning and benefits), First Advantage (recruitment), The Learning Connection (training tracking), Workforce Answers and HR Classroom (distribution of training), and Access PI/PI Pro (compatibility assessments). Various functionalities are not utilized in PeopleSoft (e.g., training, performance management, manager self-service, applicant tracking). The stand-alone systems are not integrated, thereby requiring substantial incremental resources for data entry and subsequent modifications.

Limited reports were available to monitor HR workload status and results. HR management does not currently monitor posting of new hires, terminations and other edits to existing employees in the PeopleSoft personnel database. HR management relies on information provided by a manually prepared Recruitment Report for hiring activity, but the report only provides summary totals of recruitment and selection activities by open position. Employees could be added as hired to the PeopleSoft personnel database or terminated without HR management

knowledge. Mitigating controls concerning operating department approvals, budget approvals and position controls minimize the risk of improper posting of new hires and terminations to the PeopleSoft System.

Differences were found between new hire and terminated employee report information provided at our request by HR and Payroll as these standard reports did not exist. During audit review of the reports, 96 new hires and 15 terminated employees were identified on reports produced by Payroll that were not included on reports provided by HR. Given the differences noted, HR did not appear to have a process in place to create reliable periodic reports from PeopleSoft related to new hires, terminations, and temporary employee status.

After completion of audit testing, HR provided an Excel file with various summary reports and data as of March 1, 2011 (e.g., open positions, new hires and terminations, vacancies, position status, active employees). The reports had not been updated since March 1, 2011 and did not appear to be used by management. The reports were not reviewed for accuracy or effectiveness.

HR management stated that performance measurements are in development and that due to staff reductions and shortages, key HR functions have not been benchmarked against other organizations. Without established performance measurement goals, it is difficult for management to assess whether accomplishments have met organizational goals as a result of the department's efforts.

Recommendations:

- A. Consider opportunities to more fully utilize the PeopleSoft functionalities (e.g., training, performance management, manager self-service, applicant tracking) to create efficiencies within HR operations.
- B. Coordinate efforts with the IT and Payroll Departments to develop reliable employment activity reports to enable accurate monitoring of HR activities using the PeopleSoft personnel database.
- C. Establish key performance measures linked to strategic plans and objectives to enable comparison of actual results with organizational objectives, desired results, and comparative benchmarks of other organizations.

- D. Design and implement key management reporting of performance measures to enable optimal decision making concerning workload, productivity, timeliness, accuracy and staffing requirements.

Management Responses:

- A. PeopleSoft was implemented in 2008 with minimal HR module development. Automated management reports within the current configuration are limited and do not provide automated reporting functionality. HR has requested development of the HR modules since 2009 to increase reporting functionality and create efficiencies with automated activity reports, and ad hoc reporting that will not require staff to manipulate data manually. There is limited HR staff expertise with this system at the level required to generate Query based reports. HR will continue to pursue efficiency opportunities by further utilizing PeopleSoft functionalities and provide a more detailed action plan. In some cases, due to the lack of functionality, HR has utilized stand-alone systems for applicant tracking, performance management, and training functions through contracts with other vendors or antiquated unsupported systems in place. IT and Finance Business Systems informed HR that enhancements are not likely to be made until 2013 or 2014 as other system updates must occur first.
Target Completion Date: 12/31/13

- B. HR will coordinate efforts with IT and Payroll to consider ways to enhance employee activity reporting and monitoring using PeopleSoft and provide a more detailed action plan. The PeopleSoft 9.1 upgrade and implementation is expected by December 31, 2013.
Target Completion Date: 12/31/13

- C. HR will review performance metrics and provide a more detailed action plan.
Target Completion Date: 12/31/12

- D. HR will review opportunities to enhance key metric management reporting and provide a more detailed action plan.
Target Completion Date: 12/31/12

7. Opportunities exist to improve compliance training to HR staff and operating departments.

HR provides various training classes to HR staff and operating department management related to federal and state laws, regulations, and record retention requirements. Opportunities exist to introduce periodic training that covers key employment law requirements, including FMLA, HIPAA, FLSA, INA, veteran's preference requirements and other key federal and state laws and regulations.

The following observations were noted during the review.

- a) The outdated January 1, 1999 revision of the Clerk's FMLA policy is presented in the Clerk's Employee Orientation Handbook in Exhibit H, including references to obsolete notices and forms. The information is identical to the Clerk's FMLA policy on ClerkNet.
- b) Required information concerning military family leave, entitlements, unlawful acts by employers and enforcement is not included in the Clerk's New Employee Orientation Handbook.
- c) HIPAA training has not been provided to HR staff and Clerk operating department management.

Recommendations:

- A. Provide periodic training to HR staff and operating department managers and supervisors concerning the key federal and state laws and regulations.
- B. Revise the Clerk's New Employee Orientation Handbook to include an updated Clerk's FMLA Policy, the full text of the Employee Rights and Responsibilities notice, and required notices and forms.

Management Responses:

A. HR is researching the specific training needs and will provide a more detailed action plan.

Target Completion Date: 12/31/12

B. HR finalized the updates to the New Employee Orientation Handbook.

Target Completion Date: Completed