

**Board of County Commissioners'
Human Resources Department**

**OPERATIONS AUDIT, PHASE II,
MANAGEMENT ACTIVITIES AND
EMPLOYMENT FUNCTIONS, FOLLOW-UP 2
APRIL 7, 2005**

HERNANDO COUNTY CLERK OF CIRCUIT COURT

AUDIT SERVICES DEPARTMENT

MEMORANDUM

TO: Barbara Dupré, Human Resources Director

VIA: Karen Nicolai, CPA, Clerk of Circuit Court
Gary Adams, County Administrator

FROM: Peggy Prentice, CIA, CISA, Audit Services Director

DATE: April 7, 2005

SUBJECT: Human Resources Department, Operations Audit Phase II, Management Activities and Employment Cycle Functions, Follow-Up 2

The Audit Services Department's (ASD) Audit Projects Schedule included a follow-up to the Human Resources Department (HRD) Operations Audit Phase II, Management Activities and Employment Cycle Functions, Follow-Up 1, issued October 18, 2002. Based upon management's responses and corrective actions, the ASD has produced the attached follow-up report for your review. The attached report contains the discussion point, recommendation and management response for each of the previous report comments. A copy of the report has been forwarded to the Board of County Commissioners as an agenda "correspondence to note" item.

The purpose of the follow-up audit report is to furnish management independent, objective analyses, recommendations, counsel, and information concerning the activities reviewed. The audit report is a tool to help management discern and implement specific improvements. It is not an appraisal or rating of management.

Although the ASD exercised due professional care in the performance of this follow-up audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud and/or employee abuse is the responsibility of management. Audit procedures alone, even when carried out with professional care, do not guarantee that fraud/abuse will be detected. Specific areas for improvement are addressed later in this report.

If you have any questions, concerns, or need additional information in regard to the above or the attached report, please do not hesitate to contact me at (352)540-6235, or just stop by my office in Room 201.

ATTACHMENT

copy: **CLERK OF CIRCUIT COURT:**

Amy Gillis, CPA, Finance Director

BOARD OF COUNTY COMMISSION:

Commissioner Christopher "Chris" Kingsley

Commissioner Hannah "Nancy" M. Robinson

Commissioner Diane Rowden

Commissioner Robert C. Schenck

Commissioner Jeff Stabins

Kurt Hitzemann, Senior Assistant County Attorney

George Zoettlein, Office of Management and Budget Director

OTHER:

Chip Jones, Partner, KPMG

Hernando Today

St. Petersburg Times - Hernando Edition

WWJB Radio Station

Hernando County Public Library



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Only those discussion points requiring corrective action, per the Follow-Up 1 report issued October 18, 2002, appear in this report.

ACKNOWLEDGMENT

Other minor findings, not included in this report, have been communicated to management and/or corrected during fieldwork. I thank the management and staff for their cooperation.

Fieldwork was performed by:

Barbara Fichter, Internal Auditor

Management responses were provided by:

Barbara Dupré, Human Resources Director

The legal opinion that supports management's response that there is "zero business risk" to certain ASD concerns and recommendations in this report was provided by the County Attorney's Office's Senior Assistant County Attorney, Kurt Hitzemann.

Management responses were authorized by:

Original audit issued November 21, 2000, Paul McIntosh, County Administrator

Follow-Up 1 audit issued October 18, 2002, Richard "Dick" Radacky, County Administrator

Follow-Up 2, Gary Adams, County Administrator

This report was reviewed by Peggy Prentice, CIA, CISA, Audit Services Director, and authorized by Karen Nicolai, CPA, Clerk of Circuit Court, on April 7, 2005.

PURPOSE:

Address the Human Resources Department's (HRD) corrective action in response to audit recommendations reported in the Human Resources Department Operations Audit Follow-Up 1, issued October 18, 2002.

SCOPE:

The ASD requested and reviewed management's responses to the recommendations. The ASD determined whether management implemented corrective actions which effectively addressed the original comments and recommendations. The ASD addressed the Department's corrective actions, and determined if the corrective actions, implemented partially or fully, were implemented timely and as stated in management's responses. For each recommendation, the ASD evaluated the corrective action, or lack of the same, under current conditions and determined what corrective action, if any, is still needed.

PURPOSE AND SCOPE

The Human Resources Department (HRD) performs various personnel-related activities for approximately 820 BCC employees. This is an increase of approximately 100 employees since 2003, mainly due to the addition of Florida Water and increased staff within the Hernando County Fire Department. The HRD also performs safety, worker's compensation and employee benefit activities for approximately 1,100 employees (BCC and other elected officials). Electronic employee personnel and payroll files are maintained in the Pentamation database.

The HRD has maintained a staffing level of eight (8) full-time employees: the HRD Director, three (3) Human Resources Technicians, an Employment Coordinator, a Benefits Technician, a Workers' Compensation/Safety Specialist, and a secretary. In anticipation of steadily increasing BCC hiring requirements, the HRD plans to expand office space during FY 2005/2006.

This audit follow-up addressed two (2) key HRD functions -- the management activities function and the employment cycle function. The management activities function incorporates the supervision and administration of the HRD. The employment cycle function is the HRD's performance and oversight of the BCC's employment activities.

BACKGROUND

MANAGEMENT ACTIVITIES FUNCTION

<i>Concerns/Recommendations as per Follow-Up Audit #1 Report, dated October 18, 2002</i>	<i>Management's corrective action as of April 2005 and/or the ASD's response</i>
<p><u>Discussion Point 2</u> 1) The Human Resources Department (HRD) should regularly create and disburse the County Chatter publication and use it as a means of disseminating information to County staff; 2) Consideration should be given to scheduling payroll clerk meetings on a regular basis; 3) Consideration should be given to keeping a complete record of the payroll clerk meetings; and 4) Consideration should be given to addressing how to process exempt time off and how FMLA relates to other types of leave and payroll processing.</p> <p><u>Discussion Point 6</u> Additional SOPs are needed and exhibits require updating. High risk SOPs were not reviewed by the County Attorney's Office for legal substance. Many SOPs are vague, and contain unclear decision points and authority levels; compliance issues are not fully developed.</p> <p><u>Discussion Point 7</u> To ensure that policy users are alerted of updated or newly created personnel SOPs, consideration should be given to "tagging" these SOPs on the County's website, e.g., verbiage denoting that the policy has been revised or newly created, or by flagging the policy with an animated prompt</p>	<p>Management's response states that management identified zero business risk associated with these discussion points. The ASD does not concur with management's response. However, since the County Attorney's Office provided a contrary opinion to the ASD's concerns and recommendations, and the County Administrator authorized management's response, the ASD does not feel that it would be appropriate to perform any further testing or follow up. Therefore, no audit opinion was provided.</p> <p>The ASD brought these concerns to management's attention. It is management's role to consider the potential liability, inefficiency, ineffectiveness, business risk, negative public perception, compliance with rules, regulations and laws, etc., and determine what level of "risk" is acceptable. Based upon management's response, these are areas in which management has accepted the risk.</p>

MANAGEMENT ACTIVITIES FUNCTION

Discussion Point 8

The HRD should effectively distribute clearly written SOPs that address payroll-related procedures, forms and applicable laws, rules and regulations. Consideration should be given to discussing specific payroll information deficiencies with the payroll clerks, and then designing SOPs that address these concerns.

Communications and work flows appear to have improved between the HRD and Payroll Division. A Payroll Clerk Manual was created by the HRD and distributed to department payroll clerks. However, the Manual neither contains the authorization of management nor includes effective/revision dates.

MANAGEMENT ACTIVITIES FUNCTION

Concerns/Recommendations as per Follow-Up Audit #1 Report, dated October 18, 2002

Management's corrective action as of April 2005 and/or the ASD's response

Discussion Point 4

HRD's employee records should contain the same timely, complete, and accurate information as required in all other County employee records.

Management's corrective action has cleared the concern.

MANAGEMENT ACTIVITIES FUNCTION

<p><u>Discussion Point 9</u></p> <p>Consideration should be given to enhancing the <i>Automobile Allowance Policy</i> and to including the standardized Automobile Allowance form as an exhibit in the <i>Employee Policy Manual</i>. To ensure that eligible employees are identified, consideration should be given to providing educational material to BCC management and staff and/or enhancing the method of reporting. Educating BCC management and staff could be accomplished by placing an article in the County Chatter, addressing the issue during orientation, and/or providing an educational memo in with payroll.</p>	<p>A printed copy of this Policy and the Automobile Allowance form were distributed to department payroll clerks, and refresher training was provided to payroll clerks to ensure accurate reporting. The County's website and Personnel Policy Manuals were used to distribute the <i>Automobile Allowance Policy</i>, but the Automobile Allowance form is not included. BCC management and staff did not receive training or educational materials/communications regarding the <i>Automobile Allowance Policy</i> that would emphasize the importance of compliance with this policy.</p> <p>Contrary to the <i>Automobile Allowance Policy</i>, completed Automobile Allowance forms are sent from user departments to the Payroll Division without the HRD Director's authorization. This work flow change was made to streamline the process. However, it should be noted that the Finance Director does not concur with the current process and cited that the Automobile Allowance Policy should be followed.</p>
<p><u>Discussion Point 10</u></p> <p>To ensure that staff time-keeping records are appropriately monitored by management, consideration should be given to segregating the HRD payroll clerk's incompatible duties and require certification of the accuracy and completeness of leave time records to the HRD Director, or her designee, as long as the designee is not certifying his/her own leave of absences.</p>	<p>Management's corrective action has cleared the concern.</p>

EMPLOYMENT CYCLE FUNCTION

<i>Concerns/Recommendations as per Follow-Up Audit #1 Report, dated October 18, 2002</i>	<i>Management's corrective action as of April 2005 and/or the ASD's response</i>
<p><u>Discussion Point 1</u></p> <p>1) Consideration should be given to using an orientation check-off sheet to ensure that required documents are obtained and then housed in the appropriate personnel record;</p> <p>2) To segregate duties, consideration should be given to requesting orientation survey recipients to return completed surveys to the HRD Director rather than the person presenting the orientation;</p> <p>3) Implementing a "note-to-file" philosophy to address exceptions would benefit the user of the employee record;</p> <p>4) To comply with the BCC's <i>Conflict of Interest Policy</i>, all BCC employees upon hire and annually thereafter should be required to complete and sign a Conflict of Interest Declaration form. The form should be stored in the appropriate personnel record; and</p> <p>5) To increase efficiency and protect confidentiality of Hernando County Fire and Rescue (HCF&R) personnel records, a procedure should be implemented whereby physical examination results and other required paperwork is forwarded directly to the HRD.</p>	<p>1) Management has improved the completeness/timeliness of new hire documentation. However, new hire documentation collected during orientation did not always contain signatures and dates;</p> <p>2) The HRD and ASD do not agree on the best practice for orientation surveys to be collected. Currently, three staff members conduct the orientation session and one of these staff members collects the surveys;</p> <p>3) The practice of noting exceptions in the employee record is inconsistent. In some instances, the HRD's basis for excluding these documents was neither recorded nor contained management's authorization;</p> <p>4) BCC employees sign a Conflict of Interest Declaration form upon hire, and the form is appropriately stored in the employee record. However, the HRD has not required that all BCC employees sign a Conflict of Interest Declaration form annually thereafter; and</p> <p>5) HCF&R employees' physical examination forms are received directly from the physician in a timely manner.</p>
<p><u>Discussion Point 4</u></p> <p>Supervisors, managers and directors indicated that interview techniques and Equal Employment Opportunity Commission (EEOC) compliance training would be beneficial.</p>	<p>Management's scheduled corrective action may clear the concern.</p>
<p><u>Discussion Point 6</u></p> <p>Consideration should be given to performing 100% of the local and FDLE criminal background screens, and acquiring the test results, prior to the hire date of those employees who require these types of screens.</p>	<p>Management's corrective action cleared the concern.</p>

EMPLOYMENT CYCLE FUNCTION

EXECUTIVE SUMMARY

<i>Concerns/Recommendations as per Follow-Up Audit #1 Report, dated October 18, 2002</i>	<i>Management's corrective action as of April 2005 and/or the ASD's response</i>
<p><u>Discussion Point 2</u> Consideration should be given to developing a SOP that addresses critical safeguards and controls to provide users with guidelines and assistance in determining what personnel records can and cannot be viewed by the public.</p> <p><u>Discussion Point 3</u> Consideration should be given to physically safeguarding all confidential files and documents in an effective and efficient manner as soon as is feasibly possible.</p> <p><u>Discussion Point 5</u> To manage business risk, the HRD should consider the following: 1) Enhancing the "Recruitment and Selection" SOP; 2) With the assistance of the County Attorney's Office enhancing the "Background Investigations" SOP; 3) Creating a SOP that explains the process and authority levels when creating new job positions; 4) Revising the "Orientation Process" SOP to give clear and concise guidance for conducting orientation,; 5) With the assistance of the County Attorney's Office, creating a SOP that addresses drug and alcohol testing procedures, compliance, confidentiality and authority levels; and 6) Drafting a SOP that provides guidance for the job applicant notification procedure and application record retention procedure.</p> <p><u>Discussion Point 7</u> Consideration should be given to enhancing internal communications to determine work loads and create objective measures which can be used to monitor staff's performance of job duties.</p>	<p>Management's response states that management identified zero business risk associated with these discussion points. The ASD does not concur with management's response. However, since the County Attorney's Office provided a contrary opinion to the ASD's concerns and recommendations, and the County Administrator authorized management's response, the ASD does not feel that it would be appropriate to perform any further testing or follow up. Therefore, no audit opinion was provided.</p> <p>The ASD brought these concerns to management's attention. It is management's role to consider the potential liability, inefficiency, ineffectiveness, business risk, negative public perception, compliance with rules, regulations and laws, etc., and determine what level of "risk" is acceptable. Based upon management's response, these are areas in which management has accepted the risk.</p>

EMPLOYMENT CYCLE FUNCTION

<p><i>Concerns/Recommendations as per Follow-Up Audit #1 Report, dated October 18, 2002</i></p>	<p><i>Management's corrective action as of April 2005 and/or the ASD's response</i></p>
<p><u>Discussion Point 10</u> Payroll Change Notice forms should be approved/signed-off by both the employees' supervisor and the Human Resources Director. In addition, consideration should be given to implementing an annual reminder procedure that provides supervisors with an annual packet for each employee under their supervision.</p>	<p>Management's response states that management identified zero business risk associated with these discussion points. The ASD does not concur with management's response. However, since the County Attorney's Office provided a contrary opinion to the ASD's concerns and recommendations, and the County Administrator authorized management's response, the ASD does not feel that it would be appropriate to perform any further testing or follow up. Therefore, no audit opinion was provided.</p> <p>The ASD brought these concerns to management's attention. It is management's role to consider the potential liability, inefficiency, ineffectiveness, business risk, negative public perception, compliance with rules, regulations and laws, etc., and determine what level of "risk" is acceptable. Based upon management's response, these are areas in which management has accepted the risk.</p> <p><i>Note:</i> Test results indicate that corrective action was taken regarding approval of Payroll Change Notice forms.</p>
<p><i>Note:</i> This concern was identified during fieldwork.</p>	<p>The ASD identified, in a nonexempt employee's performance appraisal response letter, that the employee worked unscheduled hours without compensation and without management's prior approval. The ASD communicated this potential risk to the employee's supervisor, the HCUD Director and the HRD Director. Neither the employee's supervisor, the HCUD Director nor the HRD Director indicated that this concern was previously identified. In addition, the employee's personnel file did not contain an indication that the concern was identified or addressed.</p>

**DISCUSSION POINTS, RECOMMENDATIONS
AND MANAGEMENT'S RESPONSES**

MANAGEMENT ACTIVITIES FUNCTION - DISCUSSION POINT TWO

Management Response, May 2002

Payroll meetings have been held at least quarterly, which appears to have improved communication. In addition, we have added an HR section to the County Chatter to address FAQ's and other information items. We have also formed an employee insurance/wellness committee which is helping to disseminate information about insurance benefits and address employee benefit concerns.

We have also lengthened orientation in order that all employees are fully educated about employment issues, worker's compensation and benefits upon beginning work.

Follow Up 1 Comments, October 2002

County Chatter Newsletter - The HRD addressed current events, frequently asked questions, employees awards, and benefit related issues in the County Chatter newsletter. Although this means of communications is pro active and beneficial to the reader, the newsletter has neither been published regularly nor kept up-to-date. The last issue was published in October/November 2001. Per HRD management the next issue of the County Chatter is scheduled for November 2002.

Employee Insurance/Wellness Committee - Per the HRD Director and staff, the employee insurance/wellness committee is a fairly new committee consisting of 11 randomly selected BCC employees. The purpose of this committee is to address employee wellness benefits and to educate employees of benefit options. The first meeting was held on March 1, 2002. There has been one additional meeting since that time. Per the HR Director, the committee is considering publishing a newsletter.

Payroll Clerk Workshops - Six payroll clerk meetings were held from April 2001 to September 2002. These meetings were held irregularly from one to seven months apart.

Based on 2002 survey results, the payroll clerks' perception is more positive than in 2000 in that they believe the workshops are more focused on preventative measures rather than corrective actions and that the workshops are more focused on important issues. The payroll clerks are less satisfied with the advance notice, location, and organization of workshops and the benefits they obtain from these workshops. Satisfaction with the professionalism of the HRD's presentations has remained unchanged. Payroll clerks cited that they would benefit from additional training on how to handle exempt time off and how the Family Medical Leave Act (FMLA) relates to other types of leave and payroll processing.

External Communications - Since the HRD did not implement a tracking procedure for questions posed and HRD's replies, gauging responsiveness (timeliness, consistency, and accuracy) was not practical; therefore, ASD based testing on user perception, from the survey

results.

User perception of the communications with the HRD continue to be negative. Based on survey results (including written comments), there is an overall perception that the HRD lacks adequate responsiveness to e-mail and voice communications. For example, 50% of the BCC managers/department heads and 72% of the payroll clerks indicated that in those instances when they are required to leave a voice mail message for an HRD employee, the return time is unsatisfactory. In addition, 50% of the BCC managers/department heads and 61% of the payroll clerks surveyed indicate that they do not receive timely access to the HRD employee they wish to speak with when contacting the HRD by telephone. Survey respondents also cited a strong distrust of the HRD and a strong perception that the HRD lacks confidentiality. These negative perceptions could potentially become an exposure for the County.

[Follow Up 1 Recommendations, October 2002](#)

County Chatter newsletter - For the County Chatter to be an effective means of disseminating human resource information to County staff, the publication should be created and disbursed regularly such as bi-monthly or quarterly.

Payroll Clerk Workshops - To address the payroll clerks' dissatisfaction with the advance notice and location, organization, and the benefits they obtain from workshops, consideration should be given to scheduling payroll clerk meetings on a regular quarterly basis with as much notice as is feasibly possible. To provide sufficient notice, the next workshop could be scheduled during the current workshop. To become more beneficial, additional workshops could be held to address immediate concerns. To allow the payroll clerks time to pose questions, the agenda could be disbursed a few days in advance of workshops with the reminder notification.

To provide a complete record of payroll clerk meetings, consideration should be given to keeping a complete record, housed in one location, of the reminder notification, sign-in sheet, agenda, a list or copies of any documents disbursed during the workshops, and minutes including questions posed and answers given.

Consideration should be given to addressing at future workshops how to process exempt time off and how FMLA relates to other types of leave and payroll processing.

[Management Response, December 2004](#)

In conjunction with the County Legal Department (County Attorney's Office), management has identified zero business risk associated with this discussion point and therefore feels it should be closed since the 2002 response was adequate.

[Follow Up 2 Comment, April 2005](#)

The ASD does not concur with management's response that there is no business risk.

However, since the County Attorney's Office provided a contrary opinion to the ASD's concern and recommendation, and the County Administrator authorized management's response, the ASD

does not feel that it would be appropriate to perform any further testing or follow up. Therefore, no audit opinion was provided.

The ASD brought this concern to management's attention. It is management's role to consider the potential for liability, inefficiency, ineffectiveness, business risk, negative public perception, compliance with rules, regulations, and laws, etc. and determine what level of "risk" is acceptable. Based upon management's response, this is an area in which management has accepted the risk.

MANAGEMENT ACTIVITIES FUNCTION - DISCUSSION POINT FOUR

Comment Summary, November 2000

ASD tested and appraised HRD employees' personnel files. One HRD employee's six month probationary evaluation was missing from the personnel records. Per policy, all new employees and all present employees transferred or promoted to a new job serve an adjustment period of six months. Upon completion of the six month period, the employee is given an evaluation. Regular status (and generally a merit pay increase and additional training needs assessment) is determined based on the outcome of the evaluation. ASD found no evidence that this evaluation was performed. In addition, two HRD employees' annual performance evaluations were missing from the personnel records. One of the evaluations was subsequently located, but there was no evidence that the other was performed. As with the probationary evaluation, annual merit pay increases are based on performance evaluations.

Recommendation, November 2000

HRD staff personnel files should be maintained using the same level of care as applied to all other BCC employees' files. Personnel records should be complete, timely, and accurate. In addition, as with all BCC employees, payroll status changes (i.e., probation to regular) and merit pay raises should be supported by performance evaluations.

Management Response, November 2000

No further action required.

Management Response, May 2002

Human Resources continues to ensure that personnel records are complete, timely and accurate.

Follow Up 1 Comment, October 2002

Generally, the HRD staff personnel records reviewed contained the appropriate documents. However, a required Florida Department of Law Enforcement (FDLE) criminal background screen was not performed on an HRD employee. In addition, five required personnel documents were not located in the personnel records (one six-month appraisal, two driver's record disclosures, and two BCC employee handbook statements). After ASD brought these concerns to the HRD's staff's attention, a FDLE criminal background screen was performed and the six documents were located. HRD staff cited that the documents were located in a pile of documents waiting to be filed. The lapse of time between when these documents should have been created and when this file review was performed exceeds one year. During fieldwork HRD filed a majority of the documents.

Follow Up 1 Recommendation, October 2002

HRD staff have access to confidential employee records. Given the sensitive nature of these

records, timely, complete, and adequate background screens are an essential preventative control. The FDLE criminal background screen is just one precautionary measure. If a criminal were provided access to unprotected personnel records he/she could commit identity theft or other illegal acts thereby exposing the County to potential liability. HRD staff personnel files should be maintained using the same level of care as applied to all other BCC employees' files. Personnel records should be complete, timely, and accurate.

[Management Response, December 2004](#)

Human Resources continues to ensure that all personnel records are complete, timely, and accurate.

[Follow Up 2 Comment, April 2005](#)

Based on testing, HRD personnel files generally contain the appropriate and timely documentation. Management's action has cleared the original concern.

MANAGEMENT ACTIVITIES FUNCTION - DISCUSSION POINT SIX

Comment Summary, November 2000

The HRD has internal Standard Operating Procedures (SOP) whose purpose is to provide guidance in the performance and authorization of internal HRD operations. The manual has written procedures and objectives for some high risk areas and is evolving; additional SOPs are needed to complete the process.

The SOPs do not have management's authorization by signature or an effective/revision date. Some forms and other documents referred to in the SOPs are not exhibited. The SOPs were not approved by, nor were they reviewed or written with the assistance of, the Legal Department. Many of the SOPs are vague, decision points and authorities are unclear, and compliance issues are not fully developed.

Recommendation, November 2000

The HRD should continue to develop internal SOPs to complete the process. All forms referred to in the SOPs should be included as exhibits. SOPs should be written clearly so as to minimize the risk of misinterpretation. To minimize potential liability, high risk area SOPs and forms should be drafted by the HRD and be reviewed by the Legal Department to address legal issues that relate to sensitive information and foster practices that are in compliance with applicable laws and regulations before they are adopted. The SOPs should have the HRD Director's authorization by signature and an effective/revision date.

Management Response, November 2000

The SOP manual is being developed continuously as time allows, we will continue to develop SOP's until we are comfortable that all issues are addressed.

Management Response, May 2002

The HR has continued to develop internal SOP's as new processes are added or changed. We are still in the process of developing SOP's as this will be a continuous endeavor.

Follow Up 1 Comment, October 2002

Since 2000, the HRD revised two and drafted one SOP. During fieldwork, the HRD Director authorized by signature and added an effective/revision date on each SOP. The SOPs were not reviewed by the Legal Department. Some of the forms and/or documents referenced in the SOPs are not included as exhibits while some of those exhibited are out-dated. Many of the SOPs are vague, decision points and authorities are unclear, and compliance issues are not fully developed. Additional SOPs are needed to complete the process.

Follow Up 1 Recommendation, October 2002

Same as November 2000.

Management Response, December 2004

In conjunction with the County Legal Department (County Attorney's Office), Management has identified zero business risk associated with this discussion point and therefore feels it should be closed since the 2002 response was adequate. In addition, Management believes that in every department, it should be the Department Director's decision as to which SOP's are necessary. Qualified staff are hired in order to ensure that an SOP need not be written for every task that is carried out in the HR department.

Follow Up 2 Comment, April 2005

The ASD does not concur with management's response that there is no business risk. However, since the County Attorney's Office provided a contrary opinion to the ASD's concern and recommendation, and the County Administrator authorized management's response, the ASD does not feel that it would be appropriate to perform any further testing or follow up. Therefore, no audit opinion was provided.

The ASD brought this concern to management's attention. It is management's role to consider the potential for liability, inefficiency, ineffectiveness, business risk, negative public perception, compliance with rules, regulations, and laws, etc. and determine what level of "risk" is acceptable. Based upon management's response, this is an area in which management has accepted the risk.

MANAGEMENT ACTIVITIES FUNCTION - DISCUSSION POINT SEVEN

Comment Summary, November 2000

BCC employees (current and new hires) are not presently given an up-to-date Personnel Policies and Procedures Manual or an up-to-date employee handbook that explains BCC policies, practices, rules and benefits. HRD employees and survey respondents indicated a need for the dissemination of this information to the organization as a whole. Additionally, BCC managers/department heads and employees indicated that goals and objectives are not spelled out and communicated effectively to all employees.

Recommendation, November 2000

Many individuals within the organization indicated a lack of adequate communication and coordination with the HRD. Whether this is an actual problem or just a perception, the HRD should consider modifying the means by which it disseminates information to the organization. The Personnel Policies and Procedures Manuals and the employee handbooks should be distributed to user departments, the Finance Department, the Payroll Division, and all employees on or before effective dates. Those affected by changes in policy and procedures can not be expected to carry out management's directive without knowledge and guidance.

Management Response, November 2000

The Personnel Manual has been distributed to all department directors and payroll clerks. We have started an HR section of the County Chatter that includes FAQ's based on input from Human Resources staff about what questions/issues are of concern. Payroll clerk meetings are being held more frequently. The Personnel Policy and Procedure Manual is being placed on the HR Web Site so that all employees have access. Handbooks should be distributed to all employees around the first of the year.

Management Response, May 2002

The Employee Handbooks were distributed as noted above. In addition, we have placed the complete Personnel Manual online on the HR Web Site. We have added the HR section to the County Chatter and have held payroll clerk meetings more frequently.

Follow Up 1 Comment, October 2002

The HRD took corrective action by providing BCC departments and employees either an up-to-date Personnel Policies and Procedures Manual or an Employee Handbook that explain BCC policies, practices, rules and benefits. ASD found no significant differences between the Employee Handbook and the Personnel Policies and Procedures Manual except, unlike the Manual, the Handbook has not been updated since its creation in 2000. Therefore, the Handbooks do not contain any of the newly created and/or updated policies. During fieldwork, the HRD Director indicated that the Handbook will be updated and distributed early in 2003.

The ASD did not identify any material concerns with the distribution of the Manuals or Handbooks. The Manual is on the County's web site. ASD found that of the four newly created or updated policies tested, three were distributed to payroll clerks and/or department directors 36 to 51 days after the policies were approved. The remaining policy was distributed the day it went into effect.

Although the policies are updated on the web site, there is no verbiage on the site that informs the user when these policies were created or updated. Per the HRD Director, new or revised policies are communicated to department directors and payroll clerks, who are responsible for conveying this information to their employees.

[Follow Up 1 Recommendation, October 2002](#)

To ensure that policy users are alerted of updated or newly created policies, consideration should be given to "tagging" these policies on the County's web site. This can be easily accomplished by either providing verbiage denoting that the policy has been revised or newly created or by flagging the policy with an automated GIF (an animated prompt).

[Management Response, December 2004](#)

In conjunction with the County Legal Department (County Attorney's Office), management has identified zero business risk associated with this discussion point and therefore feels it should be closed since the 2002 response was adequate.

[Follow Up 2 Comment, April 2005](#)

The ASD does not concur with management's response that there is zero business risk. However, since the County Attorney's Office provided a contrary opinion to the ASD's concern and recommendation, and the County Administrator authorized management's response, the ASD does not feel that it would be appropriate to perform any further testing or follow up. Therefore, no audit opinion will be provided.

The ASD brought this concern to management's attention. It is management's role to consider the potential for liability, inefficiency, ineffectiveness, business risk, negative public perception, compliance with rules, regulations and laws, etc. and determine what level of "risk" is acceptable. Based upon management's response, this is an area in which management has accepted the risk.

MANAGEMENT ACTIVITIES FUNCTION - DISCUSSION POINT EIGHT

Comment Summary, November 2000

Payroll clerks cited a need for the effective distribution of clearly written policies that address payroll related procedures, forms and applicable laws, rules and regulations.

Recommendation, November 2000

To assist payroll clerks in meeting their objectives, the HRD should effectively distribute clearly written policies that address payroll related procedures, forms and applicable laws, rules and regulations. Consideration should be given to discussing specific payroll information deficiencies with the payroll clerks, then designing policies and procedures that address these concerns.

Management Response, November 2000

This has always been done. In fact, Department Directors and payroll clerks were just given a complete copy of the Personnel Policy and Procedure Manual. No further action is required.

Management Response, May 2002

During the recent payroll clerk meetings, HR staff ensured that all payroll clerks were using the same forms and answered any questions about policy issues.

Follow Up 1 Comment, October 2002

The HRD did not create a payroll clerk handbook, guide, forms workbook, or specifically designed policies and procedures to assist payroll clerks in meeting their objectives. However, the HRD has taken steps in the right direction by creating and distributing personnel policies and procedures. Based upon survey results, the payroll clerks' satisfaction with the creation and distribution of written policies that address payroll related procedures, forms, and applicable laws, rules, and regulations has increased since 2000. Additional structure/guidelines in this area are needed and encouraged.

In the workshop scheduling and reminder notices, the HRD encourages the payroll clerks to pose questions related to payroll processing. Based on an observation of a payroll clerk meeting, the clerks are encouraged to pose questions and participate in workshop discussions. In addition to these workshops, the HRD uses e-mail to communicate payroll related information.

Follow Up 1 Recommendation, October 2002

Same as November 2000.

Management Response, December 2004

HR distributed to all payroll clerks a payroll clerk handbook so that all payroll clerks are

using the same forms and have consistent information. In addition, payroll clerk meetings are still held as necessary and communication is constantly distributed as needed via e-mail. In conjunction

with the County Legal Department (County Attorney's Office), management has identified zero business risk associated with this discussion point and feels that it should be closed as a concern.

Follow Up 2 Comment, April 2005

Based on interviews, two-way communications and work flows appear to have improved between the HRD and Payroll Division.

The HRD developed and distributed an instructional Payroll Clerk Manual. The Manual is well-written and includes a table of contents and examples of forms. However, the manual neither contains the authorization of management, nor includes effective/revision dates.

Follow Up 2 Recommendation, April 2005: When updating the Payroll Clerk Manual, consideration should be given to including authorization from management and the policy/procedure effective or revision date, as applicable. This will assist the HRD with maintaining an up-to-date manual and the user with identifying the most recent version of the policy/procedure or which policy/procedure was in effect at a historical time.

MANAGEMENT ACTIVITIES FUNCTION - DISCUSSION POINT NINE

Comment Summary, November 2000

The County may not be identifying all employees that are using County vehicles for personal use (i.e., taking them home). Internal Revenue Service (IRS) regulations require that these employees be taxed for that benefit. The HRD has not drafted or implemented a policy that addresses this concern. In addition, it appears that the HRD has not effectively communicated this concern to user departments or implemented corrective action procedures.

Recommendation, November 2000

Consideration should be given to drafting and implementing a Personnel Policy and Procedure that addresses personal use of County owned vehicles. To minimize potential liability, the policy and procedure and form(s) should be drafted by the HRD and be reviewed by the Legal Department and the Finance Department to address legal issues and accounting criteria that foster practices that are in compliance with IRS regulations. The HRD should distribute draft copies of the policy and procedure and form(s) to the Legal Department and Finance Department with adequate response time allowed before the policy statement is adopted by the Board.

Management Response, November 2000

In conjunction with the Finance Department, we will draft a County policy that addresses County owned vehicles.

Management Response, May 2002

A *Vehicle Usage Policy* was drafted and adopted which covers employees using County owned vehicles.

Follow Up Comment, October 2002

The management response cites that the *Vehicle Usage Policy* was drafted and adopted. During fieldwork it was determined that the HRD Director was referring to the Board adopted *Automobile Allowance Policy*. Therefore, this Policy was addressed.

The HRD took corrective action by creating and distributing the *Automobile Allowance Policy*. Based on communications with the Legal and Finance Departments, it appears that this Policy was reviewed by the Legal Department and the Finance Department to address legal issues and accounting criteria that foster practices that are in compliance with IRS regulations.

During fieldwork, the Finance Department suggested that this Policy's procedure section "B" be revised from "\$3.00" to "\$3.00 (IRS regulations, as amended)." The Finance Department also cited concern that the current method of reporting may not identify all eligible employees.

The Policy denotes that the user should complete the Automobile Allowance form which is attached to the Policy. This form was included in the package that went before the Board for adoption but was not included in the manual. Per the HRD Director, departments submit their information to the HRD in their own format.

Follow Up 1 Recommendation, October 2002

Consideration should be given to enhancing the *Automobile Allowance Policy* and to including the standardized Automobile Allowance form as an exhibit in the Manual. To ensure that eligible employees are identified, consideration should be given to providing educational material to BCC management and staff and/or enhancing the method of reporting. Educating BCC management and staff could be accomplished by placing an article in the County Chatter, addressing the issue during orientation, and/or providing an educational memo in with payroll.

Management Response, December 2004

A *Vehicle Usage Policy* was drafted and communicated to all Department Directors and Payroll clerks. In conjunction with payroll, HR continues to remind Departments to monitor the use of vehicles that would qualify under the new policy.

Follow Up 2 Comments, April 2005

1. The HRD utilized the County's website and hard copy Personnel Policy Manuals to distribute the *Automobile Allowance Policy*. Neither the County's website nor the Personnel Manual exhibit the Automobile Allowance form. A printed copy of this Policy and the Automobile Allowance form were distributed to department payroll clerks.

Contrary to the *Automobile Allowance Policy*, completed Automobile Allowance forms are sent from user departments to the Payroll Division without the HRD's review. Although this practice is inconsistent with current policy, this work flow was changed to streamline the process. The HRD Director and Finance Director will corroborate on alignment of the *Automobile Allowance Policy* with best work flow practices.

2. The ASD found no indication that department directors and managers were provided training on the IRS compliance and reporting requirements in regard to employee's usage of County vehicles.
3. Per the Finance Department, adding the recommended IRS verbiage to the Policy is no longer needed.

Follow Up 2 Recommendations, April 2005

1. Consideration should be given to enhancing the *Automobile Allowance Policy* to require user department Director's authorization of monthly compliance reports.
2. Although department payroll clerks maintain records of employees who use County vehicles to commute to/from work, the HRD should consider utilizing the County Chatter, email reminders and/or County Director's meetings as a means of educating department directors and managers on the IRS' policy regarding County vehicle usage for commuting purposes and reporting compliance. In addition, the HRD should consider recommending to department directors that all employees be advised of this Policy at the time that a County vehicle is assigned (temporarily or permanently) to an employee.

MANAGEMENT ACTIVITIES FUNCTION - DISCUSSION POINT TEN

Comment Summary, November 2000

BCC Personnel Policy 3.12, *Hours and Compensation*, denotes, "Exempt personnel (and non-exempt personnel) must request and submit the necessary leave request forms when utilizing leave time. A photocopy of the leave request form should be kept by the payroll clerk for auditing purposes." Contrary to this Policy, ASD found a significant number of instances of HRD employee absences for vacation and sick leave that were not supported by the required forms.

BCC Personnel Policy 3.13, *Hours and Compensation, Time Sheet Procedures*, states, "All non-exempt personnel must complete the Hernando County Board of County Commissioners Employee Time Sheet Record. Specific time must be defined on the time sheet in the appropriate place....All time sheets must be signed in ink by the employee and supervisor."

In discussions with the HRD Director, she indicated that she was aware of alleged inaccurate time reporting, as well as absenteeism and tardiness. She expressed concern and indicated that she has taken steps to monitor staff activities. ASD reviewed various HRD staff personnel files and found supervisory comments regarding absenteeism and tardiness on performance appraisals; however, inaccurate time reporting was not addressed.

Recommendation, November 2000

Management should ensure that Request For Leave of Absence forms and HRD staff time-keeping records are accurate, timely and complete. It is imperative that documentation of steps taken to monitor the problem of inaccurate time keeping and steps taken to correct the problem are well documented to show that an effort is being made. In those instances when an employee is repeatedly cited in performance evaluations for poor attendance and/or tardiness, the documentation of steps taken to correct the problem is critical to back up necessary disciplinary actions. It is vital that measures are taken to scrutinize the time records of the employees involved.

Management Response, November 2000

We will ensure that Leave of Absence forms are completed timely and that poor attendance and tardiness is addressed.

Management Response, May 2002

All leave forms have been completed when or before absences occur and attendance and tardiness are monitored.

Follow Up 1 Comment, October 2002

Based on test results, it appears that the HRD has taken corrective measures to ensure that HRD staff time-keeping records (specifically Leave of Absence forms) are complete,

accurate, and

timely. However, during testing, ASD identified a lack of segregation of duties. The same employee that processes the HRD's payroll and certifies the accuracy of time sheets is certifying the accuracy of her own Leave of Absence forms.

[Follow Up 1 Recommendation, October 2002](#)

To complete corrective action and to ensure appropriate management oversight, consideration should be given to segregating the duties and by requiring certification of the accuracy and completeness of leave time records by the HR Director, or her designee, as long as the designee is not certifying his/her own leave of absences.

[Management Response, December 2004](#)

All leave of absence forms are completed and signed by the Director of Human Resources.

[Follow Up 2 Comment, April 2005](#)

Based upon a review of HRD payroll and leave records and an interview with management, payroll clerk duties appear to be adequately segregated. The HRD payroll clerk's leaves of absence and time/attendance reports reviewed were authorized by management. Management's action cleared the original concern.

EMPLOYMENT CYCLE FUNCTION - DISCUSSION POINT ONE

Comment Summary, November 2000

Adequate documentation and approval was found for non-routine position reassessments (i.e., job reclassification, title changes and pay grade changes) without exception. However, there is a breakdown in the routine process of obtaining timely and complete new hire personnel documents (and Conflict of Interest Declarations annually thereafter) and placing this documentation into the personnel files.

The revised BCC *Conflict of Interest Policy* and the previous BCC *Code of Conduct Policy*, Section III, H states that, "All employees, upon employment with Hernando County, and annually, thereafter, will be required to complete and sign a 'Conflict of Interest Declaration Form'."

Recommendation, November 2000

Consideration should be given to facilitating a check and balance system which ensures that when employees are hired, their personnel records are complete, accurate and timely, and that these documents are housed in each employee's personnel file, or other location as appropriate.

Management Response, November 2000

A new system is in place and is working extremely well. Files are 100% in compliance and all documents are where they should be.

Management Response, May 2002

The new system is extremely effective; files are all compliant and departments seemed pleased with our turnaround time.

Follow Up 1 Comments, October 2002

The HRD has not implemented an effective check and balance procedure to identify which required documentation is housed in or absent from personnel records. Additionally, there is no clearly written guideline that explains which personnel documents are required and when exceptions are made. Therefore, ASD based test results on a combination of verbal and written procedures.

The HRD provides BCC new hires with an informative and well organized orientation. The HRD uses a check-off sheet during the orientation to ensure coverage of key information. A large portion of new hire personnel records are created during this session. Recently, the HRD enhanced the orientation process by requiring new hires to complete and submit documentation to the HRD before leaving orientation. This change, if fully implemented, should enhance internal controls so that the HRD captures complete and signed orientation documents before the new hire leaves the session. The HRD has taken a pro active approach to measure satisfaction

with the orientation procedure by asking attendees to complete a survey at the end of the

session. This survey is returned to the HRD staff member who presented the orientation.

ASD reviewed hard copy personnel records and found that some required paperwork was missing from some new-hire and long-term employee files; however, the personnel records are much better organized than in 2000.

Consistent with the BCC *Conflict of Interest Policy*, the HRD requires BCC employees upon employment to complete and sign a Conflict of Interest Declaration form. Inconsistent with this Policy, the HRD does not require BCC employees to create and sign the form annually thereafter.

Follow Up 1 Recommendations, October 2002

To ensure that all required personnel record documents are obtained and filed, consideration should be given to using, with some edit changes, the orientation check-off sheet to ensure that required documents are obtained and then housed in the appropriate personnel record. This check-off sheet could be used to determine which paperwork has been obtained and which is pending receipt. In addition, implementing a "note-to-file" philosophy to address exceptions would benefit the user of the record. One HRD staff member suggested that by starting a new (from scratch) hard copy personnel record for each rehire would minimize confusion as to where specific personnel paperwork is housed. By doing this, rehire files would be required to have the same information housed in them as new hires.

To comply with the BCC's *Conflict of Interest Policy*, all BCC employees upon employment with Hernando County, and annually, thereafter, should be required to complete and sign a Conflict of Interest Declaration form. The form should be stored in the appropriate personnel record.

To increase efficiency and to protect confidentiality of Hernando County Fire and Rescue (HCF&R) personnel records, the HRD suggested implementing a procedure in which physical results and other required paperwork is forwarded directly to the HRD for processing, as applicable.

To segregate duties, consideration should be given to requesting orientation survey recipients to return completed surveys to the HRD Director rather than the person presenting the orientation.

Management Response, May 2002

HR has implemented a new check list for files to ensure all files are compliant and all documentation is correct. In addition, staff has been reassigned so that problems which existed before no longer exist.

Follow Up 2 Comments, April 2005

1. Management has improved the completeness/timeliness of new hire documentation. Based on interviews and testing, it appears that the HRD's creation of new hire checklists has contributed to the completeness of personnel files. However, test results indicate that some new hire documentation collected during orientation was not signed and dated.
2. During fieldwork, HRD staff members cited that any authorized personnel record exceptions are noted in the employee's personnel file. Test results indicate that this practice is inconsistently applied. In some instances, the basis for excluding certain personnel records from personnel files was not documented. In addition, the ASD found no written authorization from management. It should be noted that the ASD is not commenting on the reasons for making exceptions but rather the lack of a written audit trail denoting why exceptions were made and who authorized these exceptions.
3. Based upon communications with management, it appears that the HRD and the ASD do not agree on the best practice for collecting completed orientation satisfaction surveys. Currently, three staff members conduct the orientation session and one of these staff members collects the surveys.
4. Based upon testing and communications with management, it appears that the HCF&R employees' physical examination forms are received directly from the physician and are received in a timely manner. Corrective action cleared the original concern.

Follow Up 2 Recommendations, April 2005

1. Consideration should be given to implementing a procedure whereby new hire forms completed during orientation are briefly reviewed to ensure that all forms are obtained, complete, and appropriately signed and dated.
2. Consideration should be given to implementing a procedure whereby the basis for new hire documentation exceptions are adequately documented and approved by management.
3. Consideration should be given to assigning a staff member who does not conduct orientation sessions to be the recipient of orientation satisfaction survey results. This method will help to ensure the integrity of survey results.

EMPLOYMENT CYCLE FUNCTION - DISCUSSION POINT TWO

Comment Summary, November 2000

The HRD has adequately documented definitions of public records and non-public records. The HRD Technician (who is designated to handle personnel record viewing requests) appears to have ample knowledge and control of the personnel records. The physical location of the file cabinets appears to be in an adequately safe guarded area. Very sensitive personnel documents are located in offices away from the “normal” personnel files. However, the HRD SOPs do not specifically address the retention of personnel records to fulfill business and legal requirements and the physical safeguarding of records and files (i.e., access to records, confidentiality, personal use).

Recommendation, November 2000

ASD recognizes the complexity and numerous requirements that need to be complied with in order to protect the integrity of personnel records. Some portions of personnel files are confidential while others are public documents. The designated custodians of personnel records must have a good understanding of public record rules. To protect the organization, the HRD should develop a SOP that addresses critical safeguards and controls. Potential SOP users will be provided with guidelines that will assist them in determining what portions of personnel records can and can not be viewed by the public. The SOPs can also be utilized in the training of new HRD employees.

Management Response, November 2000

The SOP manual is being developed continuously as time allows, we will continue to develop SOP's until we are comfortable that all issues are addressed.

Management Response, May 2002

The record's custodian uses current Florida Statutes to determine the appropriate requirements for individuals viewing personnel records. The entire staff is somewhat familiar with the Public Records law in order to answer basic or routine questions if the records custodian or myself is unavailable.

Follow Up 1 Comment, October 2002

The HRD took corrective action by creating an SOP, *Records Retention - Time Sheets & Leave Forms*, that addresses retention of some personnel records. The HRD did not create an SOP regarding the safeguarding of documents and files or providing guidance on public access to personnel records.

Follow Up 1 Recommendation, October 2002

To protect the organization, the HRD should develop a SOP that addresses critical safeguards and controls that provide the users guidelines that will assist them in determining what portions of personnel records can and can not be viewed by the public.

Management Response, December 2004

In conjunction with the County Legal Department (County Attorney's Office), management has identified zero business risk associated with this discussion point and therefore feels it should be closed since the 2002 response was adequate. In addition, Management believes that in every department, it should be the Department Director's decision as to which SOP's are necessary. Qualified staff are hired in order to ensure that an SOP need not be written for every task that is carried out in the HR department.

Follow Up 2 Comment, April 2005

The ASD does not concur with management's response that there is no risk. However, since the County Attorney's Office provided a contrary opinion to the ASD's concern and recommendation, and the County Administrator authorized management's response, the ASD does not feel that it would be appropriate to perform any further testing or follow up. Therefore, no audit opinion is provided.

The ASD brought this concern to management's attention. It is management's role to consider the potential for liability, inefficiency, ineffectiveness, business risk, negative public perception, compliance with rules, regulations and laws, etc. and determine what level of "risk" is acceptable. Based upon management's response, this is an area in which management has accepted the risk.

EMPLOYMENT CYCLE FUNCTION - DISCUSSION POINT THREE

Comment Summary, November 2000

The entrance door to the HRD is locked at night; however, the file cabinets and/or offices where “normal” and “very sensitive” records are located are not locked creating the potential for inappropriate access to confidential records after hours.

Recommendation, November 2000

The critical safeguarding of personnel records goes beyond SOPs. Confidential portions of personnel records should be protected and not accessible to persons other than the designated custodian(s). File cabinets and/or offices that house confidential documents should be locked after hours and when not being accessed.

Management Response, November 2000

We are currently in the process of moving certain confidential files (i.e. - health files, etc.) into a locked room. After the facilities master plan is complete and we are certain where Human Resources will be located, we will make arrangements to secure all files, which is not possible at this time in our current location.

Management Response, May 2002

Certain confidential files are located in an area able to be locked up. After the facilities master plan is done, HR hopes to be able to lock up all files.

Follow Up 1 Comment, October 2002

Per management’s response, this recommendation was not fully implemented so ASD did not test for corrective action.

Follow Up 1 Recommendation, October 2002

Consideration should be given to physically safeguarding all confidential files and documents in an effective and efficient manner as soon as is feasibly possible.

Management Response, December 2004

Until our move in approximately January 2006, HR is not able to secure the personnel files as it would like. Currently, all health and other confidential files are locked up, and we soon hope to be able to secure all files in that manner.

Follow Up 2 Comment, April 2005

Per management’s response, this recommendation was not fully implemented so the ASD did not test for corrective action.

Follow Up 2 Recommendation, April 2005 Consideration should be given to physically safeguarding all confidential files and documents in an effective and efficient manner as soon as feasibly possible.

EMPLOYMENT CYCLE FUNCTION - DISCUSSION POINT FOUR

Comment Summary, November 2000

Eighty-five percent (85%) of the BCC managers/department heads that responded to the HRD survey indicated that they have the proper training to interview job applicants with confidence. However, all of the respondents indicated that interview techniques and Equal Employment Opportunity Commission (EEOC) compliance training would be beneficial.

Interviewing techniques and compliance with the EEOC and the Americans with Disabilities Act (ADA) are addressed in great detail in the "Screening, Interviewing, and Selection" SOP. This procedure provides in-depth guidance for interviewing, including interview preparation, tips for interviewing candidates, what to ask and not ask (compliance with EEOC and anti-discrimination), sample interview questions, tips on interviewing candidates with disabilities (compliance with ADA and anti-discrimination), how to end the interview, and the after interview procedures.

Recommendation, November 2000

There appears to be a need for interview, EEOC and ADA training for employees that interview job applicants. To fulfill this need, the HRD should offer an in-house training workshop. The SOP, "Screening, Interviewing, and Selection" is well written and could be used as an outline for this workshop.

Management Response, November 2000

One of the duties of the new employee that we are currently requesting will be to coordinate training and development by surveying employees and managers and set up needed and desired training sessions. It is important to note however that we have had numerous training sessions each year since I have been here including interviewing techniques and many other beneficial supervisory sessions.

Management Response, May 2002

We have held various in-services including stress management, supervision, conflict resolution, and communication; however, HR needs to conduct more in-services on HR law, interviewing techniques, and other compliance areas such as Veteran's Preference which we anticipate doing this year.

Follow Up 1 Comment, October 2002

Based on survey results and management's response, it appears that there continues to be a need for interview techniques and EEOC compliance training. Since BCC management and the HRD Director's responses agree that this training is still needed no further testing was required. During fieldwork, the HRD Director indicated that the Department anticipates in-house training in January 2003.

Follow Up 1 Recommendation, October 2002

Same as the November 2000 recommendation.

Management Response, December 2004

We have done some training this past year and continue to set up training sessions. We have recently completed Ethical Decision Making Training and have more scheduled. In addition we have set up a supervisory series which will begin in March for front line supervisors and managers. Also, we are planning customer service training for most employees which will follow the supervisory series. Management continues to feel that training is very important and is committed to enhancing the type and amount of training being offered. In addition, HR, as part of employee wellness, has been offering training at least once a month to all employees on various topics including stress management, self defense, Diabetes and other health related topics, etc.

Follow Up 2 Comment, April 2005

Based on correspondence between the HRD and a third party trainer, it appears that the HRD has scheduled interview techniques training. Management indicated that EEOC and ADA compliance will be addressed during the interview techniques training session.

EMPLOYMENT CYCLE FUNCTION - DISCUSSION POINT FIVE

Comment Summary, November 2000

The HRD has internal SOPs whose purpose is to provide guidance in the performance and authorization of internal HRD operations. The manual has written procedures and objectives for some high risk areas and is evolving; additional SOPs are needed to complete the process.

Recommendation, November 2000

To manage business risk, the HRD should consider taking the following actions:

- Enhance the “Recruitment and Selection” SOP so that it provides the user knowledge of the authorities and step-by-step instructions for the creation and placement of job position advertisements.
- Background screening is a potentially high liability area for the organization. The “Background Investigations” SOP should be more fully developed so that it is clearly written and minimizes the risk of misinterpretation. In addition, the SOP should address the need for timely investigations. Due to the potential liability issues, this SOP should be written with the assistance of the Legal Department.
- Create a SOP that explains the process and authorities of creating new job positions.
- The “Orientation Process” SOP should be revised to address the entire orientation process. The SOP should give guidance as to which employees should complete which forms or undergo certain parts of the orientation process. This SOP should give clear and concise guidance as to how to conduct a comprehensive orientation, including new hire forms and benefits.
- Create a SOP that addresses drug and alcohol testing procedures, compliance, confidentiality and authorities. Drug and alcohol screening is a high liability area for the organization and should be coordinated with the Legal Department. A well written SOP will ensure that adequate controls are in place to administer the implemented process.
- Draft a SOP that provides guidance for the job applicant notification procedure and application record retention procedure.

Management Response, November 2000

The SOP manual is being developed continuously as time allows, we will continue to develop SOP's until we are comfortable that all issues are addressed. SOP's will be left flexible enough to not create a situation of non-compliance.

Management Response, May 2002

HR has continued to develop internal SOP's as new processes are added or changed. We are still in the process of developing SOP's as this will be a continuous endeavor.

Follow Up 1 Comment, October 2002

- C The “Recruitment and Selection” SOP was not revised.
- C The “Background Investigations” SOP has been revised so that it is clearly written and minimizes the risk of misinterpretation however the need for timely

- investigations was not addressed.
- C A SOP was not created that explains the process and authorities of creating new job positions.
 - C A SOP was not created that addresses drug and alcohol testing procedures, compliance, confidentiality and authorities.
 - C A SOP was not created that provides guidance for the job applicant notification procedure.
 - C A SOP was created in regards to record retention.
 - C The Orientation Process SOP was not revised.

Follow Up 1 Recommendation, October 2002

Same recommendation as November 2000.

Management Response, December 2004

In conjunction with the County Legal Department (County Attorney's Office), Management has identified zero business risk associated with this discussion point and therefore feels it should be closed since the 2002 response was adequate. In addition, Management believes that in every department, it should be the Department Director's decision as to which SOP's are necessary. Qualified staff are hired in order to ensure that an SOP need not be written for every task that is carried out in the HR department.

Follow Up 2 Comment, April 2005

The ASD does not concur with management's response that there is no business risk. However, since the County Attorney's Office provided a contrary opinion to the ASD's concern and recommendation, and the County Administrator authorized management's response, the ASD does not feel that it would be appropriate to perform any further testing or follow up. Therefore, no audit opinion is provided.

The ASD brought this concern to management's attention. It is management's role to consider the potential for liability, inefficiency, ineffectiveness, business risk, negative public perception, compliance with rules, regulations and laws, etc. and determine what level of "risk" is acceptable. Based upon management's response, this is an area in which management has accepted the risk.

EMPLOYMENT CYCLE FUNCTION - DISCUSSION POINT SIX

Comment Summary, November 2000

Performance of criminal background checks and good moral character screens for County summer camp personnel were untimely and do not appear to be in compliance with Florida Statutes.

Per the Department of Children and Families (DCF), persons who work with children in environments like the County's summer youth camp are required by Florida Statutes to undergo a level 2 background screening and a good moral character screening prior to working with children (per Florida Statutes 402.305(2)(1) and 435.04(1)). Based upon reading these Florida Statutes and a discussion with the County Attorney, ASD agrees with the DCF interpretation.

Recommendation, November 2000

Management should consult with the Legal Department to determine the background screening and good moral character screening requirements pursuant to Florida Statutes.

Management Response, November 2000

We have started to FDLE screen all new employees and have already consulted with Legal regarding the background screening process.

Management Response, May 2002

All employees are currently undergoing local and FDLE screening. Employees that require further screening are done pursuant to law.

Follow Up 1 Comment, October 2002

The HRD consulted with legal professionals regarding the appropriate level of criminal background screens required for summer youth camp personnel. ASD also communicated with management and legal professionals and found that the Florida Statutes that provide guidance for background screens on persons that own, operate or work at summer youth camps are ambiguous and leave room for interpretation. Therefore, ASD based test results on the HRD's *Background Investigations Policy* which is consistent with most of the legal professionals' interpretations obtained.

ASD performed two tests. In the first test, the HRD was required to perform a local and a FDLE criminal background screen on each employee selected for testing. These employees were also required to complete and sign a Good Moral Character statement. Consistent with policy, the

HRD performed a local criminal background screen on 100% and a FDLE criminal background screen on 90% of the employees tested. Ninety percent (90%) of the local and FDLE criminal background screens were timely and 100% of the employees completed and signed a Good Moral Character statement which were notarized and timely.

In the second test, 76% of the employees sampled required a FDLE criminal background screen. The HRD performed these screens either before or within 22 days after the hire date.

Seventy-seven percent (77%) of the screens were performed timely. The HRD performed a local criminal background screen on 100% of the employees tested who required this screen.

Consistent with Florida Statutes, it appears that the HRD performed an adequate background on the Recreation Manager who supervises the County's summer youth camp. The HRD performed an employment and personal reference verification, FBI screen, local and FDLE criminal background screens, and finger printed the Recreation Manager.

[Follow Up 1 Recommendation, October 2002](#)

Consideration should be given to performing 100% of the local and FDLE criminal background screens, and acquiring the test results, prior to the hire date of those employees who require these types of screens.

[Management Response, May 2002](#)

HR is appropriately conducting all background screenings pursuant to the law and our own policies/procedures.

[Follow Up 1 Comment, April 2005](#)

Based on testing, the HRD appears to be consistently performing the appropriate level of criminal and sexual predator/offender background screens in a timely manner. Corrective action cleared the original concern.

Prior to this follow-up audit, the Florida legislature enacted Senate Bill 1774 which requires employers to perform sexual predator/offender screens. The HRD requested that the County Attorney's Office determine compliance requirements of Senate Bill 1774. Based upon this legal opinion, communications with the Senior Assistant County Attorney, and testing, it appears that the HRD implemented procedures whereby candidates for employment are screened through the sexual predator/offender database as part of the background screening process.

EMPLOYMENT CYCLE FUNCTION - DISCUSSION POINT SEVEN

Comment Summary, November 2000

There is a large amount of paperwork created and accumulated for each employee which must be coordinated. Several of these paperwork paths (i.e., orientation paperwork, creation of new hire personnel files, background checks, follow-up on performance evaluations, job applicant notification, and timeliness of Payroll Change Forms to the Payroll Division) are bottlenecking within the HRD.

Recommendation, November 2000

Management should consider implementing some or all of the following:

- enhance internal communications (to determine work loads)
- improve cross training
- align jobs differently
- create objective measures which can be used to monitor staff's performance of job duties

Management Response, November 2000

The person currently performing all of these functions in addition to many others is overwhelmed with an excessive volume of work. We are requesting additional staff which will alleviate these problems.

Management Response, May 2002

We have added an additional staff member who is performing some of the above referenced duties. There is no longer any bottleneck, and departments are very happy with the HR turnaround time related to all of these functions.

Follow Up 1 Comment, October 2002

Based on testing, observations and communications it appears that the HRD has enhanced internal communications, improved cross training skills, and realigned some jobs differently to minimize bottlenecking. The payroll division communicated that there has been significant improvement in coordinating payroll functions with the HRD. However, based on survey results the HRD's users indicate payroll and/or personnel processing concerns.

The following is a summary of survey results:

- C 50% of the BCC managers/department heads surveyed indicate that the personnel hiring process is not efficient or effective;
- C 44% of the BCC managers/department heads, 46% of the CCC managers/department heads, and 28% of the payroll clerks surveyed indicate that when requesting information or assistance from the HRD, generally, their request is not filled accurately;
- C 69% of the BCC manager/department heads, 54% of the CCC managers/department heads, and 61% of the payroll clerks cited that when requesting information or assistance from the HRD, generally, their request is not filled timely; and

- C 44% of the BCC managers/ department heads, 54% of the CCC managers/department heads, and 44% of the payroll clerks cited that when they request information or assistance from the HRD, generally, the request is not filled completely.

Follow Up 1 Recommendation, October 2002

The HRD has aligned jobs differently and has improved cross training skills. They have the potential to get past the negative perception if they continue to self-monitor job performance and take corrective measures, as appropriate.

Management Response, December 2004

In conjunction with the County Legal Department (County Attorney's Office), Management has identified zero business risk associated with this discussion point and therefore feels it should be closed since the 2002 response was adequate.

Follow Up 2 Comment, April 2005

The ASD does not concur with management's response that there is no business risk. However, since the County Attorney's Office provided a contrary opinion to the ASD's concern and recommendation, and the County Administrator authorized management's response, the ASD does not feel that it would be appropriate to perform any further testing or follow up. Therefore, no audit opinion will be provided.

The ASD brought this concern to management's attention. It is management's role to consider the potential for liability, inefficiency, ineffectiveness, business risk, negative public perception, compliance with rules, regulations and laws, etc. and determine what level of "risk" is acceptable. Based upon management's response, this is an area in which management has accepted the risk.

EMPLOYMENT CYCLE FUNCTION - DISCUSSION POINT TEN

Comment Summary, November 2000

Twenty-eight percent (28%) of the BCC managers/department heads and 38% of the BCC employees responding to the HRD survey indicated that meetings are not held with employees at least annually for the purpose of reporting evaluation results and counseling on how to improve performance.

Approximately 25% of BCC managers/department heads and 42% of BCC employees indicated that job descriptions do not adequately describe the actual work performed by employees. Modifications for employee job descriptions are submitted to the HRD from user departments. Based upon HRD E-mail correspondence and survey respondent comments, it appears that user department requests for job description revisions are not processed timely by the HRD.

Recommendation, November 2000

To ensure the following:

- that required personnel documents are completed annually by supervisors and/or their employees;
- that job descriptions are accurate and up-to-date; and
- that supervisors meet at least annually with subordinates to discuss performance measures.

ASD recommends that HRD implement a reminder procedure that provides supervisors with an annual packet for each employee under their supervision. This will allow for the consistent fulfillment of these objectives. Consideration should be given to the following procedure:

- One month prior to the annual evaluation due date, the HRD should send a reminder notice to each supervisor reminding them that the performance appraisal should be completed and submitted by the time frame specified on the reminder notice. An Employee Performance Evaluation Summary, a training needs assessment update, a copy of the job description, and a blank Conflict of Interest Declaration form should be provided to the supervisor along with the reminder notice.
- The supervisor should complete the performance evaluation and then hold a meeting with the employee for the purpose of reporting appraisal and counseling on how to improve performance. The supervisor and employee should assess training needs, review the job description and make suggested corrections to coincide with duties performed. The Conflict of Interest Declaration form should be completed and signed by the employee and reviewed by the supervisor.
- All of the above should be returned to the HRD for processing. The HRD should then review all documents for appropriate authorization and completeness and take

corrective action, as applicable. Job description revisions should be timely and when complete, a revised copy of the job description should be returned to the user department so that supervisors and their employees are aware of the changes. The performance evaluation, training needs assessment, Conflict of Interest Declaration, and the up-to-date job description for each employee should be housed in the employee's personnel file or other appropriate location when HRD processing is complete.

Management Response, November 2000

HR put in place over a year ago an evaluation process that requires supervisors to go over an employee's job description as part of their evaluation each year. Many Department Directors and supervisors take this opportunity to update job descriptions. We will continue to remind departments of the intent of this process and continue to update the ones that are submitted.

Management Response, May 2002

HR continues to remind departments that annual evaluations need to be reviewed with employees and that job descriptions should be updated at the time if they are not current or reflective of actual job duties.

Follow Up 1 Comment, October 2002

The HRD did not implement an annual procedure in which one month prior to the annual evaluation due date the HRD sends a training needs assessment update, a copy of the job description, and a blank Conflict of Interest Declaration along with the reminder notice.

Based on survey results, HRD users' perspective continues to be negative in regard to the annual employee evaluation process (performance measures, counseling on improving performance, and promotional opportunities). Based on survey results, HRD users' perspective is positive in regards to the accuracy of job descriptions. However, it should be noted that ASD received a few written survey comments in which BCC employees cited that job descriptions are not fairly/objectively written. During fieldwork these concerns were communicated to the HRD Director, the County Administrator, and the Audit Services Planning and Priority Committee (ASPPC).

No material concerns were identified during a personnel records review for employees' October 2001 annual employee performance evaluations and corresponding Payroll Change Notice forms/letters.

Of the BCC managers tested that received pay rate increases above 5% during FY 2000/01, three (3) of the pay rate increases were adequately supported by properly approved (signed) Payroll Change Notice forms. Although the remaining two (2) managers' pay rate increases appear to be authorized, inconsistent with the HRD's *Payroll Processing* SOP, the corresponding Payroll Change Notice forms were not signed by the appropriate level of supervision. Both of these forms were signed solely by the Human Resources Director.

Follow Up 1 Recommendation, October 2002

To segregate the duties of the HRD and an employee's supervisor, Payroll Change Notice forms

should be approved/signed-off by the employees' supervisor in addition to the Human Resources Director who does not have sole authority to approve pay rate increases.

Consideration should also be given to implementing an annual procedure as described in the November 2000 recommendation.

Management Response, May 2002

Human Resources sends out job descriptions to Departments annually and requests that updates be made. Also, departments are meeting with employees annually during their performance evaluation to discuss performance related issues. Updated job descriptions are in the process of being sent out to all employees to sign. At this time employees will have an opportunity to discuss with their supervisors any concerns or questions they may have which we will encourage them to do. We anticipate all updated, signed job descriptions will be back into Human Resources no later than February 25, 2005.

Follow Up 2 Comments, April 2005

1. Contrary to the *Conflict of Interest Policy* (BCC Policy #HR07-02.1), employee *Conflict of Interest Declaration* forms are not submitted to the HRD on an annual basis. The Policy states that: "All employees, upon employment with Hernando County, and annually thereafter, will be required to complete and sign a *Conflict of Interest Declaration Form*." Management cited that it is the employee's responsibility to advise the HRD of any conflict of interest that may arise after hire and the HRD does not require employees to submit *Conflict of Interest Declaration* forms on an annual basis. Management cited that the possibility of aligning the present policy with current practice is under consideration.
2. Forty-seven percent (47%) of the 30 employee personnel files reviewed did not contain the employee's job description. Management cited that corrective action began in October 2004 to request an updated job description for every County employee which will be placed in their personnel file.
3. The Performance Evaluation Policy and Procedure requires an employee performance evaluation after a new hire's 3-month and 6-month employee adjustment period and annually thereafter. Consistent with this policy, test results indicate that 6-month and annual employee performance appraisals are usually performed, completed and signed by the employee and his/her supervisor (with the exception of firefighter performance appraisals) However, management cited that the HRD has not implemented an annual reminder packet procedure.

Inconsistent with the *Performance Evaluation Policy and Procedure*, test results indicate that three-month employee performance appraisals lack compliance.

4. Based on communications with key HRD staff members and a review of support documents, it appears that the HRD is challenged to obtain completed employee performance appraisals in a timely manner.
5. Based on a review of personnel files, there appears to be a lack of monitoring controls that ensure that annual (or more frequent) required personnel records are obtained and placed in the appropriate employee's personnel file (i.e., employee/ supervisor meetings and/or

counseling, job training, updated job descriptions, and Conflict of Interest Declaration Forms).

6. Based on testing, it appears that generally, Payroll Change Notice Forms are approved by both the employee's supervisor, the County Administrator, and the Human Resources Director. Corrective action cleared the original concern.
7. Management's response did not specifically address whether the HRD created a policy outlining the annual employee performance review process. However, management responded to all SOP recommendations in management's response for Discussion Point 5 which states that: "...Management believes that in every department, it should be the Department Director's decision as to which SOP's are necessary. Qualified staff are hired in order to ensure that an SOP need not be written for every task that is carried out in the HR department.

Since the County Attorney's Office provided a contrary opinion to the ASD's concern and recommendation, and the County Administrator authorized management's response, the ASD does not feel that it would be appropriate to perform any further testing or follow up. Therefore, no audit opinion is provided. The ASD brought this concern to management's attention. It is management's role to consider the potential for liability, inefficiency, ineffectiveness, business risk, negative public perception, compliance with rules, regulations and laws, etc. and determine what level of "risk" is acceptable. Based upon management's response, this is an area in which management has accepted the risk.

[Follow Up 2 Recommendations, April 2005](#)

1. Consideration should be given to not revising the *Conflict of Interest Policy* to align with current practice. Rather, current practice should align with the Policy.
2. Up-to-date job descriptions should be maintained in the employee record.
3. To comply with the *Performance Evaluation Policy and Procedure*, consideration should be given to implementing a monitoring control to ensure that 3-month employee performance evaluations are performed and the evaluation is submitted to the HRD for placement in the employee's personnel file. When a contractual agreement (i.e., firefighters' contract) conflicts with any personnel-related SOP, a note to file or other reference to the contract should be included in the employee's personnel file to denote the reason for the exception from standard practice.
4. Consideration should be given to implementing a monitoring procedure to identify and enforce the timeliness of employee performance appraisals. After the HRD has made several attempts to obtain employee performance appraisals, enforcement should move up the chain of command.
5. Consideration should also be given to implementing an annual procedure as described

in the November 2000 recommendation.

OTHER MATTERS

Comment, April 2005 During fieldwork, the ASD identified in a nonexempt employee's performance appraisal response letter that the employee worked unscheduled hours without compensation and without management's prior approval. The ASD communicated this potential risk to the employee's supervisor, the HCUD Director and the HRD Director. Neither the employee's supervisor, the HCUD Director nor the HRD Director indicated that this concern was identified. In addition, the employee's personnel file did not contain an indication that the concern was identified or addressed.

Recommendation: As part of the HRD's processing of employee performance appraisals and employee response letters, consideration should be given to looking for potential liabilities, communicating these concerns to the appropriate level of management, and documenting in the employee's personnel file what, if any, action (s) were taken. Consideration should also be given to creating a policy that supports this process.