



DEPARTMENT OF HUMAN RESOURCES

BIENNIAL PERFORMANCE AUDIT REPORT

Fiscal Years Ended June 30, 2019 and 2018

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CITY OF BALTIMORE

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Comptroller



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Honorable Joan M. Pratt, Comptroller
and Other Members
of the Board of Estimates
City of Baltimore

Executive Summary

We conducted a Biennial Performance Audit of selected performance measures (see Table I on page 4) of the Department of Human Resources (DHR) for the fiscal years (FYs) ended June 30, 2019 and June 30, 2018. The objectives of our performance audit were to: (1) determine whether DHR met its performance measure targets; (2) evaluate whether DHR has adequately designed internal controls related to the selected performance measures; and (3) follow up on prior findings and recommendations included in the previous Biennial Performance Audit Report, dated November 23, 2018.

According to the Agency Detail Board of Estimates Recommendations (Budget Book), for FY 2019, DHR did not meet the targets for any of the three selected performance measures. As a result, we did not validate the FY 2019 actual results. According to DHR, it did not meet the targets because of a staffing shortage as well as the following:

- **Percent of Classification and Compensation Project Requests Completed within Deadline** – An increased number of classification actions received from the City of Baltimore (City) agencies.
- **Average Number of Working Days to Fill Civil Service Vacancies** - Incorrect information received from an agency or department and / or untimely responses from agencies for requested information.
- **Number of Training Participants** - Transition to new management, office relocation, lack of training funds allocated to agencies, and the 2018 ransomware attack on the City.

For FY 2018, DHR met two of the three selected performance measure targets. However, we did not validate the actual result of Number of Training Participants that met the target because DHR used a manual process in FY 2018, which resulted in several discrepancies between the summary spreadsheet and the supporting documentation. The DHR used a hybrid process in FY 2019 and fully transitioned to online registration in FY 2020. We evaluated the updated policies and procedures and determined that DHR adequately designed internal controls significant to this performance measure.

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Also, we evaluated the processes and the design of internal controls for the Average Number of Working Days to Fill Civil Service Vacancies. The DHR developed and implemented a standard operating procedure to process the average number of working days to fill civil service vacancies. However, this control was not fully effective. Although no discrepancies were found for FY 2018, documentation did not support the FY 2019 actual results (see prior finding # 2 on page 7).

Of the two prior recommendations that we followed up as part of this Biennial Performance Audit, one recommendation was fully implemented and one recommendation was partially implemented. (See Table II on page 6).

We wish to acknowledge DHR's cooperation extended to us during our audit.

Respectfully,



Josh Pasch, CPA City Auditor
Baltimore, Maryland
October 27, 2020

Background Information

I. Department of Human Resources

The DHR is responsible for attracting, developing, and retaining a diverse and quality workforce. In order to accomplish its mission, DHR develops, implements and administers the City's human resource policies, regulations, programs and related special projects. The DHR is comprised of nine divisions through which it operates and delivers its services. The divisions are: 1) Classification and Compensation, 2) Employee Benefits, 3) Learning & Development, 4) Employee Assistance, 5) Recruitment & Talent Acquisition, 6) Policy & Compliance, 7) Shared Services, and 8) Human Resources Information Systems. The Director's Office provides leadership, management, technical and administrative oversight for the Department, ensuring that the staff has the tools, skills, and support to perform their jobs as strategic business partners to City agencies.

DHR also serves as support to the Civil Service Commission. Established by the City Charter, the Civil Service Commission advises the Mayor on personnel issues and investigates and rules on appeals of termination, suspensions over 30 days, and demotions of civil service employees. While the Commission is responsible for the final determination of personnel rules and regulations, DHR's responsibilities span the daily operations of the City.

II. Services

The following services are responsible for the selected performance measures included in this Biennial Performance Audit.

- **Civil Service Management – Service 772.** This service is responsible for identifying, classifying into occupational groups, and establishing compensation levels for the positions that comprise the City's workforce. It is also responsible for salary administration, overseeing salary policy issues, and developing and maintaining specifications for job classifications.
- **COB University – Service 773.** This service offers a wide curriculum of training courses to Baltimore City Employees. The program addresses diverse training programs such as supervisory and leadership development, new employee orientation, customer service, communications, diversity, sexual harassment prevention, and workplace violence prevention. This is a self-supporting function that draws its revenues from City agencies.

III. Selected Performance Measures

We judgmentally selected three performance measures of DHR which are summarized as follows:

Table I

Summary of Selected Performance Measures' Targets and Actuals as Reported in the Budget Books for Fiscal Years 2019 and 2018

Service	Performance Measure	Type	2019		2018	
			Target	Actual	Target	Actual
772	Average Number of Working Days to Fill Civil Service Vacancies	Effectiveness	25	31	60	31
772	Percent of Classification and Compensation Project Requests Completed within Deadline	Effectiveness	95	82	95	87
773	Number of Training Participants	Output	6,000	4,733	4,000	4,650

Source: FY 2018, 2019, 2020 and 2021 Budget Books

Objectives, Scope, and Methodology

We conducted our performance audit in accordance with *Generally Accepted Government Auditing Standards*, except for peer review requirements. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of our audit were to:

- Determine whether the DHR: (1) met its performance measure targets; (2) has adequately designed internal controls related to the selected performance measures.
- Follow-up on prior findings and recommendations included in the previous Biennial Performance Audit Report, dated November 23, 2018.

The scope of our audit are three performance measures (see Table I on page 4) reported for the periods of FY 2019 and FY 2018.

To accomplish our objectives, we:

- Interviewed key individuals;
- Reviewed documents such as organizational charts for applicable divisions and applicable policies and procedures;
- Observed applicable systems such as NEOGOV (recruitment software);
- Evaluated the design of certain: (1) internal controls such as recording, reporting, documenting and segregation of duties; (2) processes; and (3) procedures of the selected performance measures;
- Validated the 2018 actual results for Average Number of Working Days to Fill Civil Service Vacancies; and
- Reviewed applicable records to gain an understanding of the reasonableness of DHR's implementation status of the prior findings and recommendations.

Implementation Status of Prior Audit Findings and Recommendations

Table II

Summary of Implementation Status of Audit Findings and Recommendations from the Performance Audit Report for Fiscal Years Ending 2019 and 2018 for Service 722 – Civil Service Management¹

No.	Findings	Prior Recommendation	Management’s Self-reported Implementation Status	Auditor’s Assessment
1.	<p>Targets for the performance measure were inconsistently reported in the City's Budget Books. The FY2016 established target was inconsistently reported in the FY2017 and FY2016 Budget Books as 80 and 90 working days, respectively. Administrative error and / or lack of oversight could have caused the inconsistent reporting of the FY 2016 performance measure target in the City's Budget Books. Providing inconsistent data would cause misleading performance measure results.</p>	<p>Bureau of the Budget and Management Research should disclose changes to performance measure targets or actual amounts in the Budget Book in order to avoid misleading results. The BBMR will ensure all budget analysts are properly instructed as to this procedure prior to each budget cycle, emphasizing that changes to the performance data must be properly disclosed in the budget document.</p>	<p>The DHR should not be responsible for changes in the Budget Book that were made by BBMR.</p>	<p>Implemented.</p>

¹ The selected performance measure is Average Working Days to Fill Civil Service Vacancies.

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No.	Findings	Prior Recommendation	Management's Self-reported Implementation Status	Auditor's Assessment
2.	<p>The DHR could not demonstrate how the FY2017 actual results was determined. Also, DHR calculations did not agree with Audits recalculated figures.</p> <p>Records should be properly maintained and managed to ensure the reporting of accurate and reliable information.</p> <p>The complexity of the requisitions vary on a case-by-case basis and may have caused the inconsistencies in calculating the number of days.</p> <p>Inaccurate and unreliable data causes misleading performance measure results and reduces the usefulness of those reports to management.</p>	<p>Develop a report to include relevant, valid and reliable information to support the actual results of the performance measure being reported. Also, review the formula used to calculate the number of days for consistency, completeness and accuracy of information contained in the report.</p>	<p>A standard process was created for DHR to process and source Civil Service positions. The Standard Operating Procedure will show how to run the Average Working Days to Fill Civil Service Vacancies.</p>	<p>Partially Implemented.</p> <p>DHR developed and implemented a standard operating procedure (DHR Full Life-Cycle Recruitment Process) to process the average number of working days to fill civil service vacancies performance measure. However, this control was not fully effective. The FY 2019 actual amount reported in the Budget Book (31 days) does not agree with supporting documentation, which shows 26 days.</p>