



**DEPARTMENT OF HUMAN RESOURCES**

**BIENNIAL PERFORMANCE AUDIT REPORT**

**Fiscal Years Ended**  
**June 30, 2017 and 2016**

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

## Executive Summary

We conducted a Biennial Performance Audit of selected functions within the Department of Human Resources (DHR) for the fiscal years ended June 30, 2017 and 2016 (the stated period). The purpose of our performance audit was to determine whether DHR met its performance measure targets, and to determine whether its internal controls and the related policies and procedures were effectively designed and placed in operation to monitor, control, and report valid and reliable information that is significant to selected performance measures or functions for the stated period. Our performance audit also included functions of DHR that were recommended by the Chairman of the Biennial Audit Oversight Commission (BAOC).

As a result of our audit, we determined that fiscal year 2016 target for the selected performance measure was not met. We did not perform audit testing on the reliability of information or supporting documentation of the actual amount reported for the performance measure that did not meet the performance target. We also noted information regarding performance measure targets were not consistently reported in the Agency Detail Board of Estimates Recommendations (Budget Book) from one fiscal year to another.

In addition, we noted certain areas where the effectiveness of the control procedures could be improved, and we recommend:

- After a fiscal year's performance measure target has been established and included in the City's Budget Book, any changes made in subsequent years' Budget Books to that fiscal year performance measure targets or actual amounts be disclosed by BBMR in order to avoid misleading results.

- DHR develop a report to include relevant, valid and reliable information to support the actual results of the performance measure being reported. We also recommend that DHR review the formula used to calculate the number of days for consistency, completeness and accuracy of information contained in the report.



Audrey Askew, CPA  
City Auditor  
November 23, 2018

**- Department of Human Resources  
Biennial Performance Audit  
Background Information  
Fiscal Years Ended June 30, 2017 and 2016**

The Department of Human Resources (DHR) advises the Civil Service Commission on rules and regulations governing the selection, appointment, promotion, demotion and discipline of City employees. It also provides comprehensive human resources programs and services including training to attract, develop, and retain an organizationally effective workforce.

The City Charter established the Civil Service Commission to advise the Mayor on personnel matters and provide oversight to DHR that is also established by the City Charter. The Commission also investigates and rules on appeals of terminations, suspensions over 30 days, and demotions of civil service employees.

While the Commission is responsible for the final determination of personnel rules and regulations, most of the daily work is performed by DHR. Its various functions are performed by individual divisions under the direction of the Director of Human Resources.

The following service provided by DHR is included as part of our Performance Audit:

1. **Civil Service Management - Service 772.** This service is responsible for identifying, classifying into occupational groups, and establishing compensation levels for the positions that comprise Baltimore City's workforce. It is also responsible for salary administration, overseeing salary policy issues, and developing and maintaining specifications for job classifications.

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**Audit Scope, Objectives and Methodology**  
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We conducted a Biennial Performance Audit of selected functions within the Department of Human Resources (DHR) for the stated period. The purpose of our performance audit was to determine: a) whether DHR met its performance measure targets, and b) whether its internal controls and the related policies and procedures were effectively designed and placed in operation to monitor, control, and report valid and reliable information that is significant to selected performance measures or functions for the stated period. Our performance audit included follow-ups of prior findings and recommendations included in DHR's previous performance audit report, dated March 8, 2017. We conducted our performance audit in accordance with *Generally Accepted Government Auditing Standards*. 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 objective.

The objectives of our audit were to determine whether DHR met its targets for selected performance measures and functions in the stated period and to assess whether DHR's internal controls and related policies, processes, and procedures were effectively designed and placed in operation to monitor, control, and report valid and reliable information related to those performance measures. In addition to our follow-up on the findings and recommendations contained in our previous performance audit, our audit included selected performance measures within the following DHR Service Area:

1. **Civil Service Management – Service 772.** We conducted our audit of DHR's effort to meet its target for the average number of working days to fill civil service vacancies. The targets were 75 and 90 days for fiscal years 2017 and 2016, respectively. (Priority Outcome: Innovative Government; Performance Measure Type: Effectiveness)

At the request of the Biennial Audit Oversight Commission, our audit also included obtaining information for the following:

- a. The time frame to hire;
- b. The time required to complete background checks; and
- c. The number of potential City employees denied employment who are City residents, the reasons they were denied, the areas where most were denied, and what DHR is doing to address this matter.

To accomplish our objectives, we conducted inquiries of key individuals to obtain an understanding of the internal controls and related policies, processes and procedures, and systems, established by DHR for the selected performance measures and functions.

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Where possible, we also utilized the systems' documentation obtained as part of our audit of the City's Comprehensive Annual Financial Report (CAFR).

We also performed tests, as necessary, to verify our understanding of the applicable policies and procedures; reviewed applicable records and reports utilized to process, record, monitor, and control DHR's functions pertaining to the selected performance measures; assessed the efficiency and effectiveness of those policies and procedures; and determined whether DHR met its performance measure targets. We did not perform audit tests on the reliability of information or supporting documentation of the actual amount for the performance measure that did not meet the performance target.

The findings and recommendations are detailed in the Findings and Recommendations section of this report. DHR's responses to the audit findings and recommendations are included in Appendix I of this report.

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*Civil Service Management – Service 772 – Average number of working days to fill civil service vacancies.*

**Finding #1 – Target for Fiscal Year 2016 Not Met**

**Condition:**

DHR did not meet its fiscal year 2016 performance measure target for the “Average number of working days to fill civil service vacancies.” Actual amounts for performance measures are normally reported two years after the applicable fiscal year. For example, actual amounts for fiscal year 2016 performance measures are first reported in the City’s 2018 Budget Book. Based on the information contained in the fiscal year 2018 Budget Book, DHR reported the average number of working days to fill civil service vacancies as 95 working days; however, the performance measure target was 90 days.

**Criteria:**

The established performance measure target for fiscal year 2016.

**Cause:**

According to DHR, fiscal year 2016 target was not met because the Recruitment and Talent Acquisition Division was without a chief and several key staff members, which hindered the ability to meet its target.

**Effect:**

Staff shortages and inefficiencies could result in the hiring Agency delays in the hiring process.

**Recommendation:**

There is no recommendation for fiscal year 2016 since DHR met its target in fiscal year 2017.

**Finding #2 – Targets Inconsistently Reported in the City’s Budget Books**

**Condition:**

Fiscal year 2016 established target was inconsistently reported in the fiscal years 2017 and 2016 Budget Books as 80 and 90 working days, respectively.

	FY 2017 Budget Book	FY 2016 Budget Book
FY 2016 Target	80	90

**Criteria:**

Internal controls over reported information/data.



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**Finding #2 – Targets Inconsistently Reported in the City’s Budget Books (Continued)**

**Cause:**

Administrative error and/or lack of oversight could have caused the inconsistent reporting of the fiscal year 2016 performance measure target in the City’s Budget Books.

**Effect:**

Providing inconsistent data would cause misleading performance measure results.

**Recommendation:**

We recommend that after a fiscal year’s performance measure target has been established and included in the City’s Budget Book, any changes made in subsequent years’ Budget Books to that fiscal year performance measure targets or actual amounts should be disclosed by BBMR in order to avoid misleading results. Based on its response to our other recent audits, it is our understanding that going forward, 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.

**Finding #3 – DHR Could Not Replicate the Actual Performance Measure Amount for Fiscal Year 2017**

**Condition:**

DHR could not demonstrate how the fiscal year 2017 actual result of 32 days for the performance measure was determined. DHR provided the Requisition Lifecycle Report (July 2016 – June 2017) to support the actual result. However, based on our analysis, we noted various problems and discrepancies in the supporting document: a) the number of requisitions (285) and total number of days (9,117) used to calculate the actual result could not be traced to the supporting document. The report contained 1,192 requisitions; however, we could not identify the 285 requisitions that were used in the calculation; b) several requisitions were marked as cancelled, but the document contained employee start dates; c) we noted requisitions where the status was classified as filled but there were no employee start dates recorded on the report; d) some of the total days included in the report (Column D of the report) could not be recalculated. We also found discrepancies where the numbers in the report do not agree to our calculation using DHR’s formula; and, the calculation for computing the number of days was not consistent. We also noted DHR used a formula to compute the number of days, while other times the number of days was typed into the report instead of using the formula, and sometimes the report did not contain a value for the number of days but instead, contained a “#REF” or error message.

**Criteria:**

Records should be properly maintained and managed to ensure the reporting of accurate and reliable information.

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**Finding #3 – DHR Could Not Replicate the Actual Performance Measure Amount for Fiscal Year 2017 (Continued)**

**Cause:**

Supporting documentation provided by DHR did not give a clear understanding of how the actual result was calculated. The complexity of the requisitions vary on a case-by-case basis and may have caused the inconsistencies in calculating the number of days.

**Effect:**

Inaccurate and unreliable data causes misleading performance measure results and reduces the usefulness of those reports to management.

**Recommendation:**

We recommend that DHR develop a report to include relevant, valid and reliable information to support the actual results of the performance measure being reported. We also recommend that DHR review formula used to calculate the number of days for consistency, completeness, and accuracy of information contained in the report.

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**Other Issues/Concerns of the Biennial Audit Oversight Commission**

At the request of the Biennial Audit Oversight Commission, our audit included obtaining information for the following:

- a) **Time frame to hire.**
- b) **Time required for background checks.**
- c) **Number of potential City employees denied employment who are City residents. Reasons why they were denied employment. The areas where most were denied. What DHR is doing to address this matter.**

**Audit Results:**

According to DHR, it assists and facilitates the hiring process; however, it has no control over who will be hired, the timeframe to hire, and the time it takes to complete background checks. According to DHR, the full hiring process can take up to six months, depending on various factors including the degree of difficulty identifying qualified candidates, agency pace, level of position, and other related matters. DHR's responsibility for the recruitment process ends once a certified eligible list is forwarded to the requesting agency. The selections of those candidates who will be hired are made by the hiring managers of the agency from an approved certified eligible list. The timeframe to hire depends on various situations, and whether the position has an existing approved eligible list. If there is no existing approved list, DHR follows standard operating procedures and the Civil Service Rules.

There is no established time requirement for background checks (Drug and Alcohol Tests and Criminal Background Investigations). Those background checks are handled by third party vendors. According to DHR, Criminal Background Investigation results may take up to one week, depending on the level of the background investigation.

DHR does not track Baltimore City resident applicants who were not selected for employment. According to DHR, however, it could prepare a list of Baltimore City applicants who have not been selected. DHR can pull the data but it is limited due to systems capabilities. The report could be as much as 500 pages. If a person applied for 10 positions, then that person's name would appear 10 times on the list. Additionally, according to DHR, its responsibility for the recruitment process ends once a certified eligible list is forwarded to the requesting Agency. Once the certified eligible list is received by the requesting Agency, the agency will send out notifications to set up interviews. DHR cannot verify an agency's interview process nor can DHR dictate the composition of a hiring panel. Hiring decisions are made by hiring managers of the applicable Departments.

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Status of Prior Findings and Recommendations  
Fiscal Years Ended June 30, 2017 and 2016**

The following is a summary of the status of prior findings and recommendations for the performance audit report of the Department of Human Resources, dated March 8, 2017.

**Previous Finding #1**

DHR reported that it did not meet its targets included in the fiscal years 2014 and 2015 Budget Books for the “average number of working days to fill civil service vacancies”. Also, we could not determine whether DHR's calculation for reporting the average number of working days to fill Civil Service vacancies resulted in accurate and reliable results.

**Previous Recommendation #1**

We recommended that, in accordance with the City’s Administrative Manual (Section AM-502-1), DHR continue to establish and improve its policies and procedures to adequately maintain records. We also recommended that DHR continue to establish written policies and procedures to document its methodology for developing the performance measure targets and reporting actual results. We also recommended that DHR periodically review the Life Cycle Report for completeness and accuracy. We further recommended that DHR meet with the Department of Finance to discuss possibly modifying the performance measure to address only the DHR’s responsibilities, rather than incorporating requesting agencies’ responsibilities over which DHR has no control. We also recommend that DHR pursue the possibility of enhancing its systems and automation capabilities by assessing its needs and determining potential software solutions.

**Follow-up Status #1**

**Partially Implemented.** DHR changed its methodology for determining the time-to-fill civil service vacancies to include only those days within DHR’s control. The recruitment process begins when an agency sends a request to DHR to fill a civil service vacancy. DHR is responsible for the requisition from the “DHR Action Date” until the “Referral Date”, excluding weekends, holidays, and the 14 days required for posting in accordance with the Civil Service Rule 18. The agencies then have 60 days from the date the list was referred to complete the hire. The new methodology excludes the total number of days that a requisition is in the agency’s possession and includes only the total number of days it is in DHR’s control. DHR has drafted standard operating procedures (SOP) that outline the complete requisition process and provide guidelines and criteria for cancelling incomplete requisitions to ensure that the applicant tracking system (NeoGov) reports the correct “DHR Action Date”. The SOP draft includes 4 phases in the full life cycle of a requisition:

Phase I:	Requesting Agency (Request and Approval)
Phase II	DHR Recruitment (announcement and List Creation)
Phase III	Requesting Agency (Interview and Selection)
Phase IV	DHR Recruitment (Complete Hire)

Requisitions must be complete when submitted by agencies through NeoGov. DHR must begin processing within two days of receipt of a complete and approved requisition, referred to as “DHR Action Date”. If the requisition is not complete or not approved during DHR Action Date, the

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requisition is cancelled. We selected this performance measure for the current audit; however, testing was not performed due to various problems as described in Finding #3 of this audit.

**Previous Finding #2**

DHR reported that it did not meet its targets included in the fiscal years 2014 and 2015 Budget Books for the percent of Classification and Compensation Projects meeting the Service Level Agreement deadlines. Also, we could not determine whether DHR's calculation for reporting the percent of Classification and Compensation Projects completed within the Service Level Agreement deadlines resulted in accurate and reliable results because of various factors.

**Previous Recommendation #2**

We recommended that, in accordance with the Administrative Manual (Section 502-1), DHR continue to establish and improve its policies and procedures to adequately maintain records. We also recommended that DHR continue to establish written policies and procedures to document the methodology for developing the performance measure targets and reporting actual results. Additionally, we recommended that DHR review the reports generated to show actual performance measure results, especially the Classification and Compensation Projects that were reported completed in negative amount of days. We also recommended that DHR pursue the possibility of enhancing its systems and automation capabilities by assessing its needs and determining potential software solutions. We further recommended that DHR develop more precise criteria for determining whether the Classification Projects targets were met for small, medium and large projects.

**Follow-up Status #2**

**Implemented Per DHR.** DHR's Classification and Compensation Division developed procedures to identify, track and monitor record maintenance, and communicate those procedures. The criteria used to calculate the Service Level Agreement was amended and are now divided into three categories:

Categories	Criteria	Key Performance Indicator (KPI)
Level I – Standard, Small Projects	Include salary exceptions to policy and certain position changes that requires the approval of DHR's Director & Chief Human Capital Officer.	85% complete within 1 week of submission.
Level II – Standard, Medium Projects	Include position change request that require the review and/or approval of the Expenditure Control Committee (ECC), Mayor's Pre-BOE, and the Board of Estimates (BOE).	85% of medium projects completed and submitted to ECC within 20 days of submission.
Level III – Non-Standard, Large Projects	Include City-wide salary studies involving multiple agencies and complex compensation and classification studies.	85 % of large projects completed within 3-4 months.

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**Follow-up Status #2 (Continued)**

These procedures were communicated to the Agency HR Practitioners at DHR's HR Symposium on March 22, 2017 outlining the tracking process and provided information on how projects were tracked and managed by the analyst assigned. DHR added a new criteria whereby the analysts meet with their assigned agencies monthly to review current and upcoming projects. The Division has since been awarded two new Classification & Compensation Analyst positions and has improved its process and meeting KPIs. In June 2017, DHR's Classification and Compensation Division piloted an electronic submission system through Wufoo, which allowed agencies to electronically submit projects to the division for review and evaluation. Six agencies participated in the pilot program and identified positive attributes about the electronic submission methodology including ease of use; the elimination of hand-delivered projects to the Division; and the flexibility of submitting the projects at any time, rather than being limited to DHR's office hours. However, due to system limitations there are agency requests for modification which cannot be addressed, such as the inability to send multi part forms and the automatic reply sent to the agencies does not include the description of the project request. Due to favorable responses, the electronic submission system was fully implemented on October 1, 2017. SOPs were distributed to Agency HR Practitioners. We did not perform testing of the new procedure and methodology of the Classification and Compensation Division as part of this audit.

## **Appendix I**

**Department of Human Resource's Response**

**To the Performance Audit Report**



## **Appendix I**

In response to the Department of Human Resources Performance Audit Finding, Recommendations and Audit Results Fiscal Years Ended June 30, 2017 and 2016 DHR is providing the following responses to clarify points made the report. At request of the Biennial Oversight Commission the following information is being provided:

**a. The time frame to hire;**

The time to hire is the responsibility of each Baltimore City agency. DHR is responsibility starts once a Job Requisition has been reviewed and approved by the agency and department of budgets. DHR will post the position and then provides a candidate eligibility list to the hiring agency for consideration and hiring.

**b. The time required to complete background checks;**

The time to complete a standard candidate background check can take one week. However, when the categories of the background check increases and additional information is requested to complete the background check, the time to obtain the information will increase. This is primarily due to the complexity of the information requested and the candidate's history.

Additional categories in the background check such as; criminal, education, driving record, national warrants, employment, state sex offender, federal district criminal, credit, national sex offender. When candidates live out of state or are considered executive level positions the process can take from one to twelve weeks to process

**c. The number of potential City employees denied employment who are City residents, the reasons they were denied, the areas where most were denied, and what DHR is doing to address this matter:**

As stated in response a. DHR is not responsible for hiring individual candidates. The hiring decisions are made by each individual agency. At the time of the incident. DHR retrained agency representatives on how to use the NEOgov system and how to enter the correct candidate status.



**In the Findings sections of this report DHR is providing the following responses:**

**Finding 1** – DHR accepts the findings and will not provide an additional response.

**Finding 2** – BBMR owns and manages the budget books and not DHR. DHR's Recruitment Division was without a chief for most of fiscal year 2018, the previous chief is no longer with DHR. DHR cannot confirm why the change was made to the new target of 80. It should be noted that the target change was made by BBMR, the change should not be held against DHR.

**Finding 3** – DHR agrees that we were unable to use the data file created by the former Chief of Recruitment and Talent Acquisition to replicate the actual performance measure amount for fiscal year 2017. DHR has created a more simplistic report and method to calculate the average number of days to fill a Civil Service Position which totals 31 days:

1. Positions are posted for 14 days;
2. DHR reviews and evaluates candidates 10 days;
3. Applicants have 7 days to appeal their candidacy decision (if they were declined)