



**OFFICE OF THE CITY AUDITOR
Audit Report**

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**SYSTEM EVALUATION:
RECRUITMENT AND HIRING PROCESS**

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Stockton City Council

AUDIT SUMMARY - SYSTEM EVALUATION: RECRUITMENT AND HIRING PROCESS

In accordance with our 2006-2007 audit plan, we have completed an audit of the City's recruitment and hiring process.

Our primary audit objective was to review process changes proposed by the Director of Human Resources to ensure that critical internal controls were not negatively impacted. Additional objectives were to identify the goals and objectives of the recruitment and hiring process and how success is measured; document the average elapsed time between a department's request to fill a vacancy and the new hire's start date; and, assess whether the City's recruitment and hiring software was being fully utilized.

Based on the results of our work, we concluded that the process improvements proposed by Human Resources would not negatively impact internal controls, and should reduce processing time. We did note instances where additional system improvements could be made related to the establishment of performance measures, and ensuring the accuracy of system data to improve the usefulness of management reports.

Additional information is presented in the Audit Report.


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TABLE OF CONTENTS

SYSTEM EVALUATION: RECRUITMENT AND HIRING PROCESS

	Page
Audit Summary	
Audit Report	
Background	1
Objectives and Scope	2
Methodology	2
Results	3

SYSTEM EVALUATION: RECRUITMENT AND HIRING PROCESS

In accordance with our 2006-2007 audit plan, we have completed an audit of the City's recruitment and hiring process.

BACKGROUND

The mission of the Human Resources Department is to provide the City with a diverse pool of qualified individuals through the classification, recruitment, and examination process. Although Human Resources takes the lead in the recruitment effort, all City departments working to fill vacant positions play a critical role in the process. A successful recruitment requires good communication and cooperation among Human Resources, the hiring department, and other City decision makers. The impact of these decisions can be felt for decades.

During the period reviewed, the Human Resources Department's Recruitment and Workforce Planning function was allocated nine positions. In the 2006 calendar year 316 requisitions were initiated, and 84 new employees were hired. The City is covered by a Civil Service System, established to provide equitable and uniform procedures for dealing with personnel matters, including recruitment and hiring. The procedural steps put in place to safeguard equity and uniformity can be time consuming. Although not all employees are covered by the Civil Service System, with the exception of recruitments for safety positions, the process is generally the same for all recruitments.

The City competes with other employers for the best qualified job candidates. Delays in the process can hurt the City's chances of success. It is important that the City do all that it can to remain competitive. Over the years, a primary frustration for hiring departments has been that the hiring process takes too long.

In 1996, a Continuous Quality Improvement Project report of the recruitment process noted that it took an average of 291 days to hire a new employee. Since that time, changes to the process and technology improvements have reduced the time frame. In 2005, the City implemented NeoGov, a software application used to accept job applications on-line, and to manage and track recruitments. Despite these improvements, the perception remains that the time frame is too long.

In response to a request from the newly hired Director of Human Resources, the City Auditor assisted in organizing Rapid Workflow Process Modeling group sessions. Rapid Workflow is a business process improvement technique used to document a process, identify problems, and formulate solutions. The group sessions were facilitated by a City staff member specially trained in this process. Staff from Human Resources, City Manager, City Auditor, Police, and Fire Departments participated to ensure that a broad perspective on the process was represented. Based on the results of the Rapid Workflow sessions, the Director of Human Resources proposed a number of changes to improve the quality and efficiency of the recruitment and hiring process.

OBJECTIVES AND SCOPE

The objectives of our audit were to: evaluate proposed changes to the recruitment and hiring process to ensure that critical internal controls remain intact; identify how successful performance is measured; and, to document the average recruitment cycle time. In addition, we worked to assess whether the City was fully utilizing the NeoGov software application used in the recruitment and hiring process.

The scope of our audit focused on the recruitment and hiring process changes proposed by Human Resources. To measure processing time, and to conduct other audit tests, we selected a sample from requests to fill vacancies submitted during the 2006 calendar year.

METHODOLOGY

To accomplish the audit objectives, we assisted in the organization of Rapid Workflow Process Modeling group sessions. The group sessions resulted in the identification of problems areas, and recommendations for process improvements. We reviewed the proposed process improvements to ensure that critical internal controls were not negatively impacted.

To gain an understanding of critical controls, we interviewed City staff, observed daily operations, and reviewed selected transaction records. We were given access to the City's NeoGov system, which provided access to recruitment detail and related management reports.

To measure the average recruitment and hiring cycle time, we selected a sample from recruitments initiated in 2006, and identified elapsed days for selected milestones. To evidence the completion of the selected milestones, we reviewed available NeoGov reports, other electronic records, and hardcopy documentation.

Where issues were observed, we communicated them to City management with our recommendations for improvement. We provided Human Resources with an interim report of our work in support of planned process improvements, which included a list of suggestions for system improvements under a separate memorandum. Management suggestions are opportunities to make process improvements. Unlike reportable audit findings, management is not asked to submit corrective action plans related to suggestions, and audit follow-up is not performed. Our audit was conducted in accordance with Generally Accepted Government Auditing Standards.

RESULTS

Based on the results of our work, we concluded that the process improvements proposed by Human Resources would not negatively impact internal controls, and should reduce processing time. We did note instances where additional system improvements could be made related to the establishment of performance measures, and ensuring the accuracy of data in the NeoGov system to improve the usefulness of management reports.

Recruitment and Hiring Cycle Time:

We measured the processing time from a department's request to fill a position, to the start date of the new employee. To measure cycle time, we selected a sample from requisitions created in NeoGov for the period January 1, 2006 through December 31, 2006. We excluded from the sample requisitions for part-time positions, Police and Fire promotions, and requisitions created by Human Resources for administrative reasons. After these exclusions, 202 requisitions were available for testing. The sample was limited in some instances by requisitions that had not yet completed the process milestones selected, the lack of data in the system, or the ease of accessing needed hard copy documents. Based on our sample, we identified the following cycle times:

Average days from request to fill a vacancy to start date - 127.8 days

Average Days to Approve a Request to Hire

Average days for Dept. Head approval	2.4 days
Average days for Human Resources approval	1.8 days
Average days for Budget approval	10.3 days
Hardcopy routing & final approval	32.1 days
Total average days to approve request	45.9 days

Other Processing Times (by Human Resources, hiring dept., & City Manager)

From requisition approval to selection of a candidate	82.2 days
From candidate selection to approval to hire	11.5 days
From approval to hire to start date	19.7 days

Note: due to differences in sample sizes for the various process milestones selected, the elapsed days do not total to the "Average days from request to hire to start date."

Process Improvements:

To reduce processing time, Human Resources sought and received approval for the following improvements to the recruitment and hiring process:

- Eliminate hardcopy routing of the request to fill a vacancy,
- Eliminate unnecessary levels of approval to fill a vacancy,

- Amend Civil Service Rules and Municipal Code allowing Human Resources to update job class specifications,
- Amend Civil Service Rules allowing Human Resources to certify eligibility lists, and
- Conduct training to ensure NeoGov was being fully utilized.

During field work, these process changes had been approved and were in some stage of implementation. Our testing did not include requisitions processed after these changes were implemented.

Management Comment:

One area that was not discussed in the audit was staffing levels. During the time period that was selected for the purposes of this audit, the Human Resources staffing levels were low. The Human Resources Program Manager supervised a Work Force Planning staff of (5) five until June 16, 2006, when (2) two additional staff members were hired. During this time, the focus was providing training and all associated components to relatively new staff and recruitments were prioritized based on availability of staff.

With the onset of the newly adopted process changes, a new Requisition Life Cycle report was generated from May to August 2007 and the average days to fill a vacancy improved from 127.8 days in 2006 to 59.9 days. This represents **a reduction in processing time of 67.9 days.**

As of September 4, 2007, three additional staff members were added to the Work Force Planning Unit. As training is expanded and current staff is able to complete assignments in a more expeditious manner, we are certain that the numbers will continue to improve.

FINDING: No Established Performance Measures

The Human Resources Department has not formally established performance measures to assess whether the City's recruitment and hiring efforts are effectively and efficiently meeting the goals and objectives of the process. Performance measurement is the ongoing monitoring and reporting of progress towards achieving pre-established goals. Measures may address the type or level of activity (process), products or services delivered (outputs), and/or the results of those products and services (outcomes).

Although the Human Resources Department maintains performance measurement data for internal assessment purposes, this information is not clearly tied to the goals and objectives of the recruitment and hiring process. In addition, performance measurement data is not shared with decision makers so that the success of the recruitment and hiring process can be assessed. Performance measures common to recruitment and hiring are those related to cost, workload, timeliness, quality, and user satisfaction.

Management Action Plan:

One major goal for the Workforce Planning Unit is to improve the recruitment process and working relationships with department Subject Matter Expert (SME). Making sure that all departments understand the process and are included in the decision-making steps is imperative to the success of this goal.

The Human Resources Department will formalize performance measurements with a new directive. The performance measurements selected will have a clear connection to the objectives of the function, and results will be communicated to those involved in making decisions.

Performance measures will be monitored and tracked in NeoGov. This will be accomplished by following the exam plans that are created when recruitments are initiated. NeoGov has the ability to track all steps of the process to include: recruitment timelines, advertising costs, number of applications received, and the overall timeliness of the examination plan.

Human Resources will set standards, establish guidelines, and establish the number of days to complete a recruitment. These measures will be used for all recruitments and followed closely by staff. Staff will be expected to maintain these standards and track all steps throughout the process.

The SME is the department representative who will meet with Human Resources and share the expectations during the process. All recruitments begin with SME meetings and the Analyst and Specialist assigned to the recruitment will meet with the department SME and determine the recruitment plan. Notes will be documented and placed into NeoGov and recruitment files.

Surveys will be created and sent to Departments. This will provide feedback regarding recruitment issues and help to build a framework of expectations. Through good communication with SMEs, performance measures will allow Human Resources the ability to review all performance and improve in areas as necessary.

The survey will ask questions regarding recruitment expectations, quality of candidates, time lines and overall satisfaction of service. The surveys will be given to all Department Heads and SMEs after the completion of all recruitments.

Target Date for Corrective Action: June 30, 2008

FINDING: NeoGov Data Accuracy Impacts the Usefulness of System Reports

The reports generated by NeoGov, the software application used to automate aspects of the recruitment and hiring process are not being fully utilized due to incomplete and/or inaccurate data in the system. The software application has the capability to generate a number of reports that can be used for performance measurements; however, we observed missing and erroneous data that impact the accuracy of the reports.

If City management intends to use NeoGov data to assess the recruitment and hiring function or for decision making, processes need to be developed to ensure that data is consistently entered, complete, and accurate.

Management Action Plan:

The Human Resources Department has provided on going training and feedback to NeoGov users to ensure they understand how the system should be used. Mandatory training has been completed with all Department Heads and key staff that utilize NeoGov. NeoGov users will be held accountable for data accuracy.

Departments need to ensure that all information is complete when creating new requisitions in NeoGov and continue to keep information updated at all times. Training will be provided to new users and technical support is offered to departments by Human Resources' staff. As updates and procedures change in NeoGov, meetings will be held with NeoGov users to communicate necessary information for requisition processing.

The requisition process has been implemented with the 2-tier approval system, no longer requiring the City Manager and Human Resources approval. With this new system in place, it is important that the Departments learn and follow the guidelines established in order to maintain this system.

Quarterly meetings will be established and Human Resources Liaisons will be invited to attend to share these meeting. It is the goal of Human Resources to utilize NeoGov to its highest capacity and train staff on every function of the program.

Target Date for Corrective Action: February 28, 2008

CITY AUDITOR MISSION STATEMENT

The Office of the City Auditor independently promotes ethical, efficient and effective governance for the citizens of Stockton. We provide the City Council, management, and employees with objective analyses, appraisals, and recommendations for improvements to City systems and activities. The department maintains independence and objectivity by reporting directly to the City Council and by not exercising direct authority over any department, system, or activity subject to audit.

