

Fort Worth



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Employee On-Boarding Audit

May 22, 2020



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The Employee On-Boarding Audit was conducted as part of the Department of Internal Audit's Fiscal Year 2020 Annual Audit Plan.

Audit Objectives

The objectives of this audit were to ensure compliance with the City's Personnel Rules and Regulations, and evaluate the effectiveness of the City's employee on-boarding process.

Audit Scope

Our audit included a review of new hires from January 1, 2019 through January 31, 2020.

Executive Summary

As part of the Fiscal Year 2020 Annual Audit Plan, the Department of Internal Audit conducted an audit of employee on-boarding at the City of Fort Worth. Based on our audit results, with the exception of scope limitations noted within this report, we concluded that the City complied with the existing City of Fort Worth Personnel Rules and Regulations (PRRs). We also concluded that the City's employee on-boarding process was effective.

Internal Audit reviewed the City of Fort Worth's employee on-boarding process for compliance with the following sections of the PRRs:

- employee eligibility to work in the United States;
- background checks;
- hiring salary requirements;
- new employee orientation; and,
- relocation allowance.

Internal Audit verified compliance with the City's PRRs related to employee eligibility to work in the United States, background checks, hiring salary requirements and new employee orientation. Internal Audit reviewed records of 76 regular, full-time and 10 part-time employees, as well as six employees who were promoted to full-time status during the audit period.

Based on our test results, no exceptions were noted when reviewing documentation for 55 of the 76 regular, full-time; the 10 part-time employees; and five of the six employees who were promoted to full-time status. However, due to social distancing requirements (discussed further within the [Scope](#) section of this audit report), Internal Audit was unable to verify compliance for 20 regular, full-time employees and the one remaining employee who was promoted to full-time status. In addition, due to concerns regarding the security of submitting sensitive information electronically (through the City's use of an outside staffing firm), Internal Audit was unable to confirm compliance related to the remaining regular, full-time employee.

For employee verifications unimpaired by our audit scope limitations, we concluded that proper clearance was obtained (e.g., background checks with criminal record searches, motor vehicle record searches and education verification) through the City's employee on-boarding process.

Internal Audit concluded that 94.6% of regular, full-time employees were hired at or below the mid-point of the salary range of their position.



In addition, the Human Resources Department provided documented approval for nine (9) of 10 randomly selected employees who were hired above the mid-point of salary ranges. Documented pre-approval was not available from the Human Resources Department for the remaining employee who was hired at \$3.29 per hour above the mid-point of the salary range for this employee's respective position.

The City's PRRs require that newly hired full-time employees attend the City's New Employee Orientation (NEO) program prior to starting work at the assigned work location. It should be noted that the Human Resources Department is responsible for providing NEO to general and civilian employees, while the Police and Fire Departments are responsible for providing NEO to their non-civilian employees. Based on our test results, with the exception of 20 Police Department or Fire Department employees (whose NEO attendance could not be verified due to COVID-19 constraints), all regular, full-time employees attended NEO. NEO attendance was indicative that attendees were not phantom employees.

The City's relocation allowance (granted to individuals hired to fill positions such as Executive, Director and Assistant Director) provides for reasonable relocation costs associated with relocating a minimum of 50 miles from the new hire's former residence to the new work location. The City's PRRs state that the relocation allowance should not exceed 10% of the new hire's annualized salary. Based on our audit testing, new hires met the 50-mile relocation allowance requirement. One relocation allowance exceeded the 10% maximum amount allowed, by 0.71%. This one occurrence was considered immaterial and an isolated incident.

The City's PRRs also state that an employee may be required to make full or partial repayment of the relocation allowance if the employee voluntarily or involuntarily terminates employment with the City of Fort Worth during the 24-month period following their hire date. Based on our audit results, full repayments were received from two new hires who terminated employment within 24 months of receiving a relocation allowance. Therefore, no exceptions were noted.

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Objectives

The objectives of this audit were to ensure compliance with the City's Personnel Rules and Regulations, and evaluate the effectiveness of the City's employee on-boarding process.

Scope

Our audit included a review of new hires from January 1, 2019 through January 31, 2020. Audit review was limited to the verification of eligibility to work in the United States; background checks (e.g., verification of education, certifications/licenses; minimum age; driver's license and driving records, as well as criminal history records); hiring salary; new employee orientation attendance; and, relocation allowance.

This audit was limited to the on-boarding of individuals hired to fill City positions, and did not include a review of the City's recruitment process for those individuals. Also, Internal Audit did not review on-boarding documents for Police Department or Fire Department employees due to security concerns for sensitive information that required an on-site, in-person review. We did not deem the review of those documents prudent, due to restrictions in place during the COVID-19 pandemic.

Methodology

To achieve the audit objectives, the Department of Internal Audit performed the following:

- interviewed Human Resources Department staff to obtain an understanding of the City's employee on-boarding process and related requirements;
- identified new hires (January 1, 2019 through January 31, 2020) from within PeopleSoft;
- verified that the City complied with hiring requirements such as education, professional certification and driver's license check;
- compared starting salary of new hires to the mid-point salaries for each position;
- identified payroll expenses coded as relocation allowances;
- determined whether relocation allowances were refunded by individuals who terminated employment within 24 months of being hired;
- determined whether relocation allowance amounts exceeded the City's maximum authorized allowance; and,
- evaluated internal controls related to employee on-boarding.

We conducted this 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 objectives.



We utilized the Committee of Sponsoring Organizations of the Treadway Commission¹ (COSO) framework when evaluating internal controls. The following internal control components and corresponding principles were considered significant to the audit objectives.

Internal Control Component	Principles
Control Environment	Managerial oversight, integrity, ethics and responsibility; and staff recruitment, development, retention, performance and accountability
Risk Assessment	Clearly-defined objectives to identify risks, define risk tolerances, and implement necessary controls (e.g., written policies and procedures)
Control Activities	Policies, procedures, control activities and information systems
Information and Communication	Communication of necessary quality information
Monitoring	Monitoring and evaluating the effectiveness of internal controls

Chapter XXVIII of the Fort Worth City Charter established the City of Fort Worth's Department of Internal Audit independent of management, reporting directly to the Fort Worth City Council.

¹The Committee of Sponsoring Organizations of the Treadway Commission (COSO) is dedicated to providing thought leadership through the development of frameworks and guidance on enterprise risk management, internal control and fraud deterrence. Source: www.coso.org



Acknowledgements

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