



Recruitment and Selection Process:
Strengthen documentation and record retention

November 2011
A Report by the Office of the Auditor

Suzanne Flynn
Metro Auditor



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MEMORANDUM

November 2, 2011

To: Tom Hughes, Council President
Shirley Craddick, Councilor, District 1
Carlotta Collette, Councilor, District 2
Carl Hosticka, Councilor, District 3
Kathryn Harrington, Councilor, District 4
Rex Burkholder, Councilor, District 5
Barbara Roberts, Councilor, District 6

From: Suzanne Flynn, Metro Auditor

A handwritten signature in black ink, appearing to be "SF", written over the printed name of Suzanne Flynn.

Re: Audit of Recruitment and Selection Process

The attached report covers our audit of Metro's recruitment and selection process. This audit was not included in the FY2011-2012 Audit Schedule, but was added in response to a report received on the Ethics Line.

While the specific details described in the Ethics Line report were found to be inaccurate, I felt that a broader look at recruitment and selection processes would be helpful. As the result of this review, I concluded that the Human Resources Department and managers could improve documentation of how selection decisions were made and the retention of that documentation. Although I was able to determine that the hiring decisions I reviewed were supportable, it was not readily apparent.

We have discussed our findings and recommendations with Dan Cooper, Interim COO; Scott Robinson, Deputy COO; Mary Rowe, Director, Human Resources; and Teddi Anderson, Manager, Classification/Compensation and Recruitment. My office will schedule a formal follow-up to this audit within 1-2 years. We would like to acknowledge and thank the management and staff in the Departments who assisted us in completing this audit.

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Summary

In July 2011, the Ethics Line received an anonymous complaint stating that managers did not objectively adhere to Metro hiring policy. The specifics of the complaint were found to be inaccurate and this audit was initiated to look more broadly at Metro recruitment and selection practices than were addressed in the investigation of the complaint. The objectives of this audit were to determine if:

- Metro managers were following the practices recommended by the Human Resources (HR) Department.
- Processes were transparent and could be easily reviewed.
- There were any patterns in hiring decisions that indicated internal applicants were not treated according to policy.

The process to recruit and select Metro employees must be fair, transparent and legally defensible. At Metro, ensuring transparency was the joint responsibility of HR Recruitment staff and the program manager.

According to the HR Department, the best way to ensure that the process was fair and legally defensible was to predetermine the factors that were essential to the position and then to objectively evaluate each. HR required managers to develop a screening form to document the process.

We found that Metro managers were not consistently following HR recommended practices. Some of the instructions were not always consistent. Because documents were incomplete and difficult to follow, the selection process was not transparent. We did not find any evidence to suggest that internal applicants were not treated according to policy.

Background

There are several reasons why it is important that the recruitment and selection process be transparent. Metro is an equal opportunity employer and legally should not discriminate against applicants on the basis of race, religion, gender, national origin, disability or age. If an applicant claimed discrimination, good documentation would provide evidence that a fair process was followed. Many times, an unsuccessful applicant will simply want information as to why they were not hired. If HR staff had adequate documentation, it could provide valuable feedback.

Recruitment and selection of employees is the joint responsibility of the HR Department and the manager wanting to fill the position. This process begins with determining that the position is still the right fit for the program and ends with the offer letter to the successful candidate. In between, several steps are taken to assess which candidates are most qualified.

Candidates were first screened for minimum qualifications. After the first screening, there were a series of screenings intended to find the best qualified candidate with the strongest combination of education and experience to meet the job requirements.

Scope and methodology

In July 2011, the Ethics Line received an anonymous complaint indicating that managers did not objectively adhere to the Metro hiring policy. The complaint questioned whether decisions were based on qualifications and specifically cited decisions made to hire external or internal applicants. The specifics of this complaint were investigated and it was determined that the information reported to the Ethics Line was inaccurate. Specifically cited cases were investigated and it was found that the decisions to hire in these cases were supported.

As a result of the complaint, this audit was placed on the audit schedule to address whether procedures could be improved. The objectives of this audit were to determine if:

- Metro managers were following the practices recommended by the HR Department.
- Processes were transparent and could be easily reviewed.
- There were any patterns in hiring decisions that indicated internal applicants were not treated according to policy.

To complete the audit, a judgmental sample of 24 recruitment and selection processes that resulted in a hire between July 1, 2009 and July 5, 2011 were selected. Two of these processes were internal and governed by a union agreement so the processes were very different. The only purpose of this sample was to determine if procedures were being followed, not to generalize to the overall level of compliance. At least one sample was selected from each of the Metro departments that had filled a represented position. Examples were also selected that had a higher likelihood to include candidates who were current Metro employees. All available documentation for each case in the sample was reviewed.

The Human Resources Director and staff involved in recruitment and selection were interviewed. After all of the documentation was reviewed, hiring managers were interviewed to obtain additional information. Auditors also reviewed personnel policies and procedures, Human Resource guidance, federal law, and Metro code.

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.

Results

The process to recruit and select Metro employees must be fair and legally defensible. To ensure this, it must also be transparent. At Metro, ensuring transparency was the joint responsibility of HR Recruitment staff and the program manager. Recruitment staff was responsible for documenting the recruitment process, but it was the responsibility of the manager to document each step of the selection process.

Based upon our review of a sample of files related to recruitment and selection processes, we concluded that managers were not adequately meeting all of the requirements to document each stage of the selection process. We found that HR could improve the quality of instruction to managers about their responsibilities. Most processes were not completely documented. Based on the sample we reviewed, internal candidates were considered and, if they advanced to the interview stage, likely to be hired.

HR directions to managers could be improved

To assist managers, the HR Department published a Recruitment, Selection and Retention Guide that was included in a Supervisor's Handbook and on Metro's internal website. The Guide was comprehensive and assigned roles and responsibilities for the process. The Guide outlined a four-step process with instructions for the proper completion of each step. The steps were:

1. **Getting started** included reviewing a recruitment checklist, requesting a recruitment, preparing the job announcement and designing the application process.
2. **Recruitment** included deciding on the timing, securing and scheduling panel members, developing a strategy to take affirmative action to ensure nondiscrimination and reaching out to diverse groups.
3. **Selection** included documenting the process, screening for minimum qualifications, screening for other broader qualifications, designing interview questions and interviewing.
4. **Making the hire** included making the hiring decision, checking references, making a job offer, completing paperwork, ensuring privacy and overseeing the probation period.

The chapter regarding Selection began with instructions on documenting the process. HR was assigned responsibility for documenting the recruitment process, but the manager was responsible for documenting each step of the selection process. Managers must conduct a process that is fair, transparent and legally defensible. According to this Guide, the

best way to meet the requirement is to predetermine the knowledge, skills, abilities and critical success factors that were essential to the position and then to objectively evaluate each applicant in relation to the criteria and to the other applicants. Although not explicitly stated, one could conclude that if this direction is followed and documented, then the recruitment will be fair, transparent and legally defensible. The writing emphasized that “each step” was to be documented by repeating it in the first and last sentences of this section.

According to the Guide, the manager was required to create a screening form. Included in the Guide were several templates that could be used to screen applications and answers to supplemental questions, and to evaluate resumes and interview responses. If hiring managers used each of these templates, the likelihood of transparent screening decisions would increase.

However, other direction from HR was not consistent with the documentation standards in the Guide. In the Guide, the manager was referred to a recruitment checklist. In the checklist, the hiring manager was only responsible for returning applications and interview notes to HR. No mention was made of the requirement to collect documentation for each step of the selection process. Because the Checklist was a more convenient way for managers to track the process steps, it would be more likely that they would refer to it. As a result, they would not have understood these additional responsibilities.

Metro did not offer routine training for recruitment and selection practices. We asked hiring managers how they were trained. Some mentioned that their immediate supervisor had worked with them at the beginning and others stated that they had received individual training from HR. They also pointed out the section in Metro’s Supervisors’ Handbook that gave direction on the process.

Organization of documents limits transparency

Because our sample was drawn from a two-year period, we were able to see the transition from hard copy record retention to a system that archived documents in three different formats. Except in two cases, we found neither system made review easy.

Originally, all documentation was paper and maintained in files. In the last year, Metro purchased software to manage the recruitment and selection of candidates. While the software made many of the processes easier, such as receiving applications electronically and manager access to applications, it made reconstructing a selection process more difficult.

The Guide required managers to create a form to screen applications, but this could not be accomplished within the software. Instead, managers attempted to use a comments box to document the decision to allow a candidate to move forward in the process. However, the quality of the information did not meet the HR requirement that applications be compared to the selection criteria and in relation to other applicants. Comment entries were found to be a simple “yes” or “no” or not related to the same criteria in each case.

According to HR, all of the documents that needed to be retained could not be attached to recruitment information in the software. These documents included emails and other correspondence between HR and the department. In addition, all of the documentation from the interview process was on paper. Any communication that was received electronically at HR was saved in a network directory.

As a result, when we requested records we received some via email and some were delivered in file folders. Additionally, we were given on-line access to the software to view the remainder. Electronic records were not clearly identifiable by the title and were not arranged according to date. It required reading each one several times to determine what step in the process it represented. Furthermore, in the software, it was difficult to understand why one candidate advanced and another did not. Paper records were also not always complete.

HR guidance was not routinely followed

The selection process had several decision points that the manager and HR were required to document. These usually consisted of three levels of screening:

- Minimum qualifications (Initial Screening)
- Best combination of knowledge and experience (Manager Screening)
- Strongest candidate among those with the best combination of knowledge and experience (Interview and Ranking Matrix)

Generally, HR Recruitment staff did the screening for minimum qualifications and provided that documentation. The evidence of screening for minimum requirements was either a memo from HR or a notation in the software that the candidate did not meet the requirements.

Managers were responsible for conducting and documenting the second and third screenings. For the second screening, the objective was to narrow the pool of candidates to the best qualified candidates to be interviewed. The third screening usually was conducted in person.

The weakest area of documentation was the second screening to narrow the pool of applicants to those who were finally interviewed (Exhibit 1). We found complete documentation for the second screening in only five of the twenty-two instances. Where this process was documented, it occurred through use of a template or notes left in a comments box for each application in the software.

We found that managers, except in one case, had documented the third phase, interviews and ranking candidates adequately. We found interview forms filled out by each panelist for each candidate and a matrix completed by each panelist that ranked each candidate.

Exhibit 1: Results of file review

| | Documentation found | Partial records | No record found |
|-------------------|---------------------|-----------------|-----------------|
| Initial screening | 14 | 0 | 8 |
| Manager screening | 5 | 3 | 14 |
| Interview record | 21 | 0 | 1 |
| Ranking matrix* | 20 | 0 | 1 |

Source: Auditor's Office review and analysis of recruitment and selection records.

* In one sample, the ranking matrix did not apply.

Internal candidates treated fairly

Metro policy required that “first consideration” be given to those applicants who were currently employed at Metro (internal applicants). If the vacancy was not filled, then recruitment outside of Metro would commence. In practice, this policy was not followed.

According to HR guidance, it was a joint decision between HR and the hiring manager whether the recruitment would be internal only or internal/external at the same time. It was also Metro policy that only regular or temporary employees who had competed for their current position would be eligible for an internal recruitment. Because of this, a hiring manager might be more likely to choose a combined internal/external process so that current employees who had not been hired through a competitive process could apply.

We reviewed our examples to see how successful internal candidates were in the process. In 18 out of our 22 examples, internal candidates were part of the larger pool. In 14 cases, internal applicants advanced to the interview phase and of those, in 12 cases, internal candidates were successful. This would suggest, at least for our sample, that Metro gave consideration to internal candidates.

Recommendations

To improve the quality and transparency of the selection process, the Human Resources Department should:

1. Develop procedures to demonstrate the fairness and transparency of the process.
2. Require managers to provide documentation of each step in the selection process.
3. Improve the organization of file retention.
4. Develop a regular training curriculum to provide ongoing training for managers on the recruitment and selection process and their responsibilities.

Management Response



Date: October 17, 2011
To: Suzanne Flynn,
From: Mary Rowe, Human Resources Director *[Signature]*
Teddi Anderson, Human Resources Manager *[Signature]*
Subject: Response to Recruitment and Selection Audit

The following represents our response to the audit report regarding recruitment and selection practices which will be issued by your office later this month. As a public agency we recognize the importance of ensuring that processes are fair and legally defensible. We are pleased that you found no evidence that internal applicants were not treated according to policy in the recruitment and selection processes. Management agrees with the audit recommendations and is prepared to continue to make improvements in this area.

Response to Recommendations in the Auditor's Report

The following summarizes management's response to the specific recommendations noted in the audit report.

Recommendation #1

Develop procedures to document the fairness and transparency of the process

Response: As noted in the audit, the Human Resources department does have a recruitment and selection guide in place which assigns roles and responsibilities in this area. The document will be reviewed and updated to account for process changes that occurred in the transition to an online application and hiring process. Management will require all recruitment managers to have taken one of the HR offered classes on hiring to ensure that managers are trained in the current recruitment and selection process. HR will also continue to offer individual training to new supervisors and at the time a supervisor has a need to fill a position.

Recommendation # 2

Require managers to provide documentation of each step in the selection process.

Response: Although HR advises hiring managers to provide detailed information regarding selection decisions, we have not been diligent in requiring that documentation be submitted to HR. HR is in the process of developing templates for managers to aid in scoring candidates based on the criteria set out for the particular recruitment. Management will also be more diligent in requiring hiring managers to comply with HR procedures and ensure that documentation is returned to HR at each step in the selection process. Training provided by HR

will include an emphasis on the manager's role in documentation in the recruitment and selection process.

Recommendation # 3

Improve the organization of file retention

Response: HR recently implemented an online applicant tracking software system. HR will strive to use the full functionality of the system that includes thorough and proper documentation within the system. This will assist with documenting the recruitment process and compliance with agency retention guidelines. This should also eliminate the need for most if not all paper documentation, thereby reducing the need to archive and store additional unnecessary documents.

Recommendation # 4

Develop a regular training curriculum to provide ongoing training for managers on the recruitment and selection process and their responsibilities

Response: HR currently provides training in the recruitment and selection process to new supervisors and also conducts training for hiring managers in the use of the new online applicant tracking system. (Need to address new managers)

Upon updating the recruitment process manual and templates for scoring, HR will develop revised training curriculum. Management will host HR at department manager meetings to train on procedures and to stress the importance of documentation for the purposes of maintaining the transparency of the process and ensuring best practices are followed. We will also verify that a hiring manager has completed the training prior to opening a recruitment. Finally we will look at the feasibility of putting the training on the Metro Learning Management System.

Conclusion

We appreciate the time you and your staff took in conducting the audit and the insight that it provides for continuing our process improvement efforts.

Cc: Dan Cooper, Interim COO
Scott Robinson, Deputy COO



METRO

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