

**HUMAN RESOURCES**

**CALIFORNIA STATE UNIVERSITY,  
DOMINGUEZ HILLS**

**Report Number 04-32  
March 24, 2005**

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**Members, Committee on Audit**

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## **ABBREVIATIONS**

CSU	California State University
GC	Government Code
HEERA	Higher Education Employee Relations Act
HIPAA	Health Insurance Portability and Accountability Act
HR	Human Resources
IRCA	Immigration Reform and Control Act
MPP	Management Personnel Plan
PIMS	Personnel/Payroll Management Information System

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## **EXECUTIVE SUMMARY**

As a result of a systemwide risk assessment conducted by the Office of the University Auditor during the last quarter of 2002, the Board of Trustees, at its January 2004 meeting, directed that *Human Resources* be reviewed.

We visited the California State University, Dominguez Hills campus from October 4, 2004, through November 5, 2004, and audited the procedures in effect at that time.

In our opinion, the administration and management of the human resources function provided effective controls, such as well-documented policies, procedures, and guidelines in the recruitment area; a high awareness of the need to maintain the confidentiality of employee information; and comprehensive websites for sharing important employment information. However, the controls that ensure compliance with certain campus and systemwide operating standards needed to be strengthened.

The following summary provides management with an overview of conditions requiring attention. Areas of review not mentioned in this section were found to be satisfactory. Numbers in brackets [ ] refer to page numbers in the report.

### **HUMAN RESOURCES ADMINISTRATION [5]**

Conflict-of-interest forms were not obtained from designated employees upon separation from the university.

### **RECRUITMENT, SELECTION, AND HIRING [5]**

The campus had not developed and documented policies and procedures for the recruitment, selection, and hiring of temporary and part-time faculty, and the data collection form for full-time faculty included an inappropriate inquiry regarding an applicant's physical condition. In addition, employment eligibility forms were not consistently obtained from all campus employees, and policies and procedures had not been developed to address the monitoring, verification, and reverification of employment eligibility. Also, professional licenses, certifications, and California driver's licenses were not verified for applicable campus employees, nor were procedures in place for this area.

### **INFORMATION SECURITY [9]**

The campus had not developed policies and procedures regarding the confidentiality and safeguarding of non-computerized employee information.

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## INTRODUCTION

### **BACKGROUND**

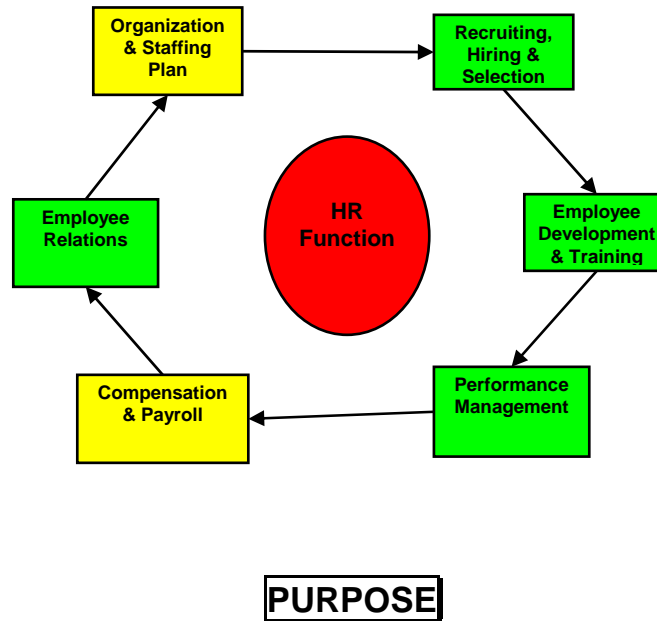
Human resources management is organizing, guiding, providing resources for, and interacting with employees. To be effective, the human resources function must be aligned with the organization's goals and objectives and administered in a manner that meets extensive legal and regulatory challenges. At the California State University (CSU), the human resources management function is a shared responsibility between the chancellor's office and the campuses to:

- ▶ Plan for the movement of people into, within, and out of employment with the university.
- ▶ Recruit and select personnel with the appropriate skills, knowledge, and abilities.
- ▶ Train and develop staff members to enhance their capabilities.
- ▶ Provide compensation and benefits that attract, motivate, and retain talented employees.
- ▶ Appraise and report employee performance to identify areas that need improvement and provide positive reinforcement for effective performance.
- ▶ Maintain effective employee relations.
- ▶ Provide for employees' safety by minimizing the risk of illness and injury in the workplace.

As a state agency and a recipient of federal funds, the CSU must perform its human resources management responsibilities within legal constraints imposed by the government. In addition to Board of Trustee policies, the university must comply with major federal and state laws that govern human resources management practices and address equality and fairness in the workplace. Such laws include, but are not limited to, Title VII of the Civil Rights Act of 1964, the Equal Pay Act of 1963, the Age Discrimination in Employment Act, the Vietnam Veteran's Readjustment Act of 1974, and the Americans with Disabilities Act of 1990. As a result of the Higher Education Employee Relations Act (HEERA) of 1979, human resources management activities must also be performed within the parameters of collective bargaining and negotiated union contracts.

Human resources management activities rely on effective information management systems for operational efficiencies and controls; however, one of the major advantages of such systems is also a potential liability. As part of their job responsibilities, employees have access to information that can be useful for decision-making; however, most of that information needs to remain private and is presently regulated by such laws as the Information Practices Act of 1977, the Health Insurance Portability and Accountability Act (HIPAA) of 1996, and the Board of Trustees' own policies for personal information management.

In fiscal year 2002/03, the CSU expended approximately \$2.8 billion (or 64 percent of total operating expenses) on salary and benefits for faculty and staff. Because of this investment, the university remains accountable for implementing a dynamic human resources function that attracts and maintains qualified personnel. For the scope of this audit, we will review components of the following human resources management activities:



Our overall audit objective was to ascertain the effectiveness of existing policies and procedures related to the administration of the human resources function and to determine the adequacy of controls over the related processes to ensure compliance with relevant governmental regulations, Trustee policy, Office of the Chancellor directives, and campus procedures.

Within the overall audit, specific goals included determining whether:

- ▶ Administration and management of the human resources function provide effective internal controls, clear lines of organizational authority, delegations of authority, and documented policies and procedures.
- ▶ Processes and procedures ensure timely and effective communication of CSU and campus policies and federal and state laws and regulations in the employment area.
- ▶ Employees are sufficiently apprised of acceptable business practices and expected standards of ethical and moral behavior and report conflict of interest situations.
- ▶ Recruitment, selection, hiring, and appointment activities are properly authorized, ensure employment eligibility, and comply with state and federal laws and regulations and collective bargaining agreements.
- ▶ Professional licenses, certificates, and/or registration requirements for applicable employees are properly maintained.

- ▶ Employee compensation and benefit requests are properly authorized, timely processed, and comply with applicable collective bargaining agreements as well as campus and CSU policy.
- ▶ Managers, supervisors, and other persons involved in recruiting and interviewing staff and processing employee compensation, benefits, and program requests are appropriately trained and knowledgeable of assigned human resources responsibilities, including the protection of confidential employee information.
- ▶ Confidential hard-copy and system information, such as information pertaining to recruitment, selection, and hiring activities, and compensation and benefit requests are reasonably secure.

## **SCOPE AND METHODOLOGY**

The proposed scope of the audit, as presented in Attachment B, Audit Item 2 of the January 27-28, 2004, meeting of the Committee on Audit, stated that the review would include compliance with employment laws and regulations, position classification/compensation, advertising for prospective employees, employee training, and programs for employee benefit administration. The Office of the University Auditor has not previously reviewed *Human Resources*.

Our study and evaluation were conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors, and included the audit tests we considered necessary in determining that operational and administrative controls are in place and operative. This review emphasized, but was not limited to, compliance with state and federal laws, Board of Trustee policies, and Office of the Chancellor and campus policies, letters, and directives. The audit review focused on procedures in effect during fiscal year 2003/04. Throughout this report, we will refer to human resources as the primary audit subject. At California State University, Dominguez Hills, the director of human resources management, the assistant vice president of academic affairs, and other responsible individuals administer the human resources function.

We focused primarily upon internal, administrative, compliance, and operational controls over the management of the human resources function. Specifically, we reviewed and tested:

- ▶ Administrative policies, procedures, and processes.
- ▶ Communication of CSU policies and other directives.
- ▶ Conflict of interest forms and training programs.
- ▶ Recruitment, selection, and hiring activities for faculty and staff, including training processes.
- ▶ Administration of compensation, benefits, and employee programs.
- ▶ Maintenance and protection of confidential human resources information.

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## **OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES**

### **HUMAN RESOURCES ADMINISTRATION**

Conflict-of-interest forms were not obtained from designated employees upon separation from the university.

Government Code (GC) §87300 and §87302 state that every agency shall adopt and promulgate a conflict-of-interest code pursuant to the provisions of this article and that every designated employee that leaves office shall file, within 30 days of leaving office, a statement disclosing reportable investments, business positions, interests in real property, and income held or received at any time during the period between the closing date of the last statement required to be filed and the date of leaving office.

The director of human resources management stated that he was unaware of the requirement for employees to file conflict-of-interest forms upon separation from the university.

Failure to obtain conflict-of-interest forms from all designated persons could result in regulatory sanction and potential fines and penalties.

#### **Recommendation 1**

We recommend that the campus obtain conflict-of-interest forms from designated employees upon separation from the university.

#### **Campus Response**

We concur. The campus has already instituted a process that requests a completed Form 700 from designated employees separating from the university. Completed.

### **RECRUITMENT, SELECTION, AND HIRING**

#### **WRITTEN POLICIES AND PROCEDURES**

The campus had not developed and documented policies and procedures for the recruitment, selection, and hiring of temporary and part-time faculty. We also noted that the data collection form for full-time faculty included an inappropriate inquiry regarding an applicant's physical condition.

GC §13402 and §13403 state that management is responsible for establishing and maintaining a system of internal administrative controls, which includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions. Further, a satisfactory system of internal administrative controls shall include, but not be limited to, an established system of practices to be followed in performance of duties and functions.

Title I, Section 102 (c) of The Americans With Disabilities Act of 1990 states that an employer may not ask or require a job applicant to take a medical examination before making a job offer. It further states an employer cannot make any pre-employment inquiry about a disability or the nature or severity of a disability.

The assistant vice president of faculty affairs stated that the various colleges were responsible for hiring temporary and part-time faculty based on their specific requirements. He further stated that the full-time faculty data collection form had not been updated.

Failure to both maintain effective policies and procedures for recruiting, selecting, and/or hiring employees, and provide an appropriate data collection form increases the risk of hiring ineligible or questionable employees and non-compliance with state and federal laws and regulations.

### **Recommendation 2**

We recommend that the campus:

- a. Develop and document policies and procedures for the recruitment, selection, and hiring of temporary and part-time faculty.
- b. Update the full-time faculty data collection form to ensure compliance with current state and federal laws and regulations.

### **Campus Response**

We concur. The campus will develop policies and procedures for the recruitment, selection, and hiring of temporary and part-time faculty. Additionally, the data collection form used for full-time faculty will be updated in order to comply with applicable state and federal laws and regulations. Policies, procedures, and forms will be completed by August 2005.

## **EMPLOYMENT ELIGIBILITY**

Federal I-9 employment eligibility forms were not consistently obtained from all campus employees, and policies and procedures had not been developed to address the monitoring, verification, and reverification of employment eligibility.

Our review of five employment files revealed the following:

- ▶ Federal I-9 employment eligibility forms were not on file for two employees.
- ▶ In one instance, employment eligibility had expired and was not reverified.

In addition, in a review of 14 employment files, we found that:

- ▶ For 12 employees, employment eligibility expiration dates were not included in the December 2004 Personnel/Payroll Management Information Systems (PIMS) report.

- ▶ Two employees subject to employment reverification procedures were also not listed on the report.

California State University (CSU) directive Human Resources (HR) 94-28, *Employment Eligibility Verification Procedure*, dated October 14, 1994, states that a campus must conduct a procedure to reverify an employee's continuing work authorization prior to the expiration date listed in Section 1 of Form I-9.

GC §13402 and §13403 state that management is responsible for establishing and maintaining a system of internal administrative controls, which includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions. Further, a satisfactory system of internal administrative controls shall include, but not be limited to, an established system of practices to be followed in performance of duties and functions.

The acting manager of payroll services and the director of human resources management both stated that reverification requirements were unclear when employees presented certain types of documentation, such as an unexpired foreign passport to verify eligibility. The director of human resources management also stated that the failure to reverify the employee's eligibility was due to an oversight.

Failure to monitor, verify, and/or reverify employment eligibility can subject the campus to monetary penalties and/or other sanctions as set forth in the Immigration Reform and Control Act (IRCA).

### **Recommendation 3**

We recommend that the campus:

- a. Obtain Form I-9s from all applicable campus employees.
- b. Develop and document procedures to address the monitoring, verification, and reverification of employment eligibility for applicable employees.
- c. Periodically review and compare information on the immigration log to the PIMS report to ensure consistency of noted information.

### **Campus Response**

We concur.

- a. The campus will continue to require I-9 forms from new employees, and it will continue to request I-9s from all current applicable employees where there is not an I-9 on file. It is anticipated the replacement I-9s for current applicable employees will be obtained by September 2005.

- b. The campus will develop written procedures to address the monitoring, verification, and reverification of employment eligibility for applicable employees. It is anticipated that procedures will be completed by September 2005.
- c. The campus will periodically review and compare information on the immigration log to the PIMS report to ensure consistency of noted information. Procedures for this review will be completed by June 2005.

## **PROFESSIONAL LICENSE, CERTIFICATION, AND REGISTRATION REQUIREMENTS**

The administration of requirements related to professional licenses, certifications, and registrations needed improvement.

Professional licenses, certifications, and California driver's licenses had not been verified for any of the three applicable employees in a sample of ten reviewed, nor had procedures been developed to address this issue.

CSU directive HR 2003-26, *Management Personnel Plan (MPP): Special License, Certification, and Registration Requirements*, dated December 11, 2003, states that campuses are responsible for monitoring MPP positions that require any special license, certification, and/or registration requirements and for ensuring incumbents possess the appropriate related qualifications.

GC §13402 and §13403 state that management is responsible for establishing and maintaining a system of internal administrative controls, which includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions. Further, a satisfactory system of internal administrative controls shall include, but not be limited to, an established system of practices to be followed in performance of duties and functions.

The director of human resources management stated that licenses and certifications were only verified by the human resources department or payroll if the requirements were part of the classification standards.

Insufficient monitoring of license, certification, and/or registration requirements increases the risk of non-compliance with internal qualification and external agency requirements, and the possible retention of unqualified or unskilled personnel.

### **Recommendation 4**

We recommend that the campus monitor employees with professional licenses, certifications, and driver's licenses on a periodic basis and perform prompt follow-up on potential expired items.

### **Campus Response**

We concur. The university will develop a monitoring and follow-up system to address currency of professional licenses and driver's licenses where it is an employment requirement for faculty and staff. This is expected to be completed by August 2005.

## **INFORMATION SECURITY**

The campus had not developed written policies and procedures regarding the confidentiality and safeguarding of non-computerized employee information.

CSU directive HR 2004-08, *Requirements for Protecting Confidential Employee Data*, dated March 1, 2004, states that each campus and the chancellor's office must take necessary steps to protect confidential employee personal information, which includes, but is not limited to, social security number, ethnicity, gender, home address, physical description, home telephone number, medical history, and performance evaluations. The policy also states that to protect confidential employee data, each campus and the chancellor's office must ensure that all employees with access to confidential employee information have a legitimate CSU need to have such access, and that these employees must understand the responsibility they have under the Information Practices Act and Title 5 to protect sensitive employee information.

The vice president of administration and finance stated that written policies and procedures to protect confidential employee information for non-computerized data had not been fully developed.

Failure to develop written policies and procedures regarding the confidentiality and safeguarding of non-computerized employee information increases the risk of loss, theft, or unauthorized access to such data, and potential litigation against the CSU.

### **Recommendation 5**

We recommend that the campus develop written policies and procedures regarding the confidentiality and safeguarding of non-computerized employee information.

### **Campus Response**

We concur. The campus is in the process of developing written policies and procedures that address the confidentiality and safeguarding of non-computerized employee information. This is expected to be completed by August 2005.

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## APPENDIX A: PERSONNEL CONTACTED

<u>Name</u>	<u>Title</u>
James E. Lyons, Sr.	President
Angela Albright	Acting Dean, College of Health and Human Services
Rod Foster	Manager of Training/Classification, Human Resources Management
Tomoko Fukuda	Acting Manager, Payroll Services
Kathleen Hughes	Director, Business Process Management
Thomas Landefeld	Associate Dean, College of Natural and Behavioral Sciences
Tina Lee	Assistant Director, Human Resources Management
Linda MacAllister	Director, Equity and Internal Affairs
David McCulloch	Assistant Director, Business Process Management
Allen Mori	Provost/Vice President, Academic Affairs
George Pardon	Vice President, Administration and Finance
Kent Porter	Assistant Vice President, Faculty Affairs
Mary Anne Rodriguez	Associate Vice President, Administration and Finance
Mark Seigle	Director, Human Resources Management
James Strong	Dean, College of Business Administration and Public Policy
Kathleen Taira	Interim Dean, College of Education
Terri Warren	Senior Administrative Analyst, Academic Affairs Personnel Services
Selase Williams	Dean, College of Liberal Arts

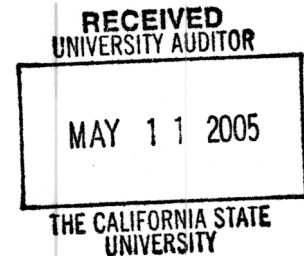


California State University  
**Dominguez Hills**

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Office of the Vice President of Administration and Finance  
Carson, CA 90747 (310) 243-3750 FAX: (310) 243-3869

April 11, 2005



Mr. Larry Mandel  
University Auditor  
The California State University  
401 Golden Shore  
Long Beach, CA 90802

Dear Mr. Mandel:

Enclosed please find California State University, Dominguez Hills' response to the Human Resources Audit 04-32. The campus is committed to addressing and resolving the issues identified in the audit report.

If you have any questions or would like additional information, please contact me.

Sincerely,

George A. Pardon  
Vice President of Administration and Finance

- c: James E. Lyons, Sr., President  
Allen Mori, Provost and Vice President, Academic Affairs  
Linda MacAllister, Director, Equity and Internal Affairs  
Kent Porter, Assistant Vice President, Faculty Affairs  
Mary Ann Rodriguez, Associate Vice President, Administration and Finance  
Mark Seigle, Director, Human Resources Management  
Kathleen Hughes, Director, Business Process Management

## HUMAN RESOURCES AUDIT

### CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS

Report Number 04-32

April 11, 2005

#### HUMAN RESOURCES ADMINISTRATION

##### **Recommendation 1 - *Completed***

We recommend that the campus obtain conflict-of-interest forms from designated employees upon separation from the university.

##### **Campus Response**

We concur. The campus has already instituted a process that requests a completed form 700 from designated employees separating from the university. *Completed.*

#### RECRUITMENT, SELECTION, AND HIRING

##### WRITTEN POLICIES AND PROCEDURES

##### **Recommendation 2**

We recommend that the campus:

- a. Develop and document policies and procedures for the recruitment, selection, and hiring of temporary and part-time faculty.
- b. Update the full-time faculty data collection form to ensure compliance with current state and federal laws and regulations.

##### **Campus Response**

We concur. The campus will develop policies and procedures for the recruitment, selection, and hiring of temporary and part-time faculty. Additionally, the data collection form used for full-time faculty will be updated in order to comply with applicable state and federal laws and regulations. Policies, procedures and forms will be *completed by August 2005.*

## EMPLOYMENT ELIGIBILITY

### Recommendation 3

We recommend that the campus:

- a. Obtain Form I-9's from all applicable campus employees.
- b. Develop and document procedures to address the monitoring, verification, and reverification of employment eligibility for applicable employees.
- c. Periodically review and compare information on the immigration log to the PIMS report to ensure consistency of noted information.

### Campus Response

We concur.

- a. The campus will continue to require I-9 forms from new employees and it will continue to request I-9s from all current applicable employees where there is not an I-9 on file. It is anticipated the replacement I-9s for current applicable employees will *be obtained by September 2005*.
- b. The campus will develop written procedures to address the monitoring, verification, and reverification of employment eligibility for applicable employees. It is anticipated that procedures will be *completed by September 2005*.
- c. The campus will periodically review and compare information on the immigration log to the PIMS report to ensure consistency of noted information. Procedures for this review will be *completed by June 2005*.

## PROFESSIONAL LICENSE, CERTIFICATION, AND REGISTRATION REQUIREMENTS

### Recommendation 4

We recommend that the campus monitor employees with professional licenses, certifications, and driver's licenses on a periodic basis and perform prompt follow-up on potential expired items.

**Campus Response**

We concur. The university will develop a monitoring and follow-up system to address currency of professional licenses and driver's licenses where it is an employment requirement for faculty and staff. This is expected to be *completed by August 2005*.

**INFORMATION SECURITY**

**Recommendation 5**

We recommend that the campus develop written policies and procedures regarding the confidentiality and safeguarding of non-computerized employee information.

**Campus Response**

We concur. The campus is in the process of developing written policies and procedures that address the confidentiality and safeguarding of non-computerized employee information. This is expected to be *completed by August 2005*.


  
**THE CALIFORNIA STATE UNIVERSITY**  
 OFFICE OF THE CHANCELLOR

BAKERSFIELD

June 15, 2005

CHANNEL ISLANDS

FRESNO

DOMINGUEZ HILL

**MEMORANDUM**

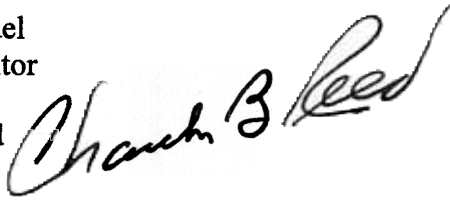
EAST BAY

FRESNO

TO: Mr. Larry Mandel  
University Auditor

LERTON

FROM: Charles B. Reed  
Chancellor



HUMBOLDT

LONG BEACH

SUBJECT: Draft Final Report Number 04-32 on *Human Resources*,  
California State University, Dominguez Hills

LOS ANGELES

MARITIME ACADEMY

MONTEREY BAY

In response to your memorandum of June 15, 2005, I accept the response as submitted with the draft final report on *Human Resources*, California State University, Dominguez Hills.

NORTHRIDGE

SONOMA

SACRAMENTO

CBR/jt

SAN BERNARDINO

Enclosure

SAN DIEGO

cc: Dr. James E. Lyons, Sr., President

SAN FRANCISCO

SAN JOSÉ

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS