OFFICE OF THE STATE INSPECTOR GENERAL

Department of Human Resource Management
Employee Recruitment Management

Performance Audit
April 2020

April 15, 2020

Governor Ralph Northam
Office of the Governor
P.O. Box 1475
Richmond, VA 23218

Dear Governor Northam,

The Office of the State Inspector General (OSIG) completed an audit of the Department of Human Resource Management (DHRM) Employee Recruitment Management. The final report, which outlines six findings and recommendations for improvement, is attached for your review and information. DHRM agreed with all of the audit findings and developed a corrective action plan to address all recommendations.

OSIG would like to thank DHRM Director Emily Elliott and her staff for their cooperation and assistance during this audit.

Sincerely,

Michael C. Westfall, CPA
State Inspector General

CC: Clark Mercer, Chief of Staff to Governor Northam
        Keyanna Conner, Secretary of Administration
        Senator Richard L. Saslaw, Chair, Commerce and Labor Committee
        Delegate Jeion A. Ward, Chair, Labor and Commerce Committee
        Emily Elliott, Director, Department of Human Resource Management

Department of Human Resource Management: Employee Recruitment Management

What OSIG Found

Inaccurate Performance Metric

For 35 of 38 recruitments tested with a long time-to-hire (TTH) metric, agencies failed to update the Recruitment Management System (RMS) timely. For 32 of these recruitments, data entry took place more than 200 days after the start date.

Incomparable Performance Metric

The TTH metric does not provide comparability between agencies that have a different focus on when a recruitment is considered complete. Some agencies consider a position filled at the time of acceptance, while other agencies consider a position filled at the actual start of employment.

Detailed Procedures Needed

The Department of Human Resource Management (DHRM) has limited guidance documents but no detailed procedure for using RMS. Sufficient guidance should be available to assist other agencies' employees in carrying out recruitment and hiring responsibilities. Although DHRM HR Policy 2.10 includes administrative procedures over hiring and the policy is supplemented with policy guides, neither the policy nor the policy guides include procedures for the use of RMS.

Desired Features for New System

OSIG identified features for consideration in the new recruitment system. OSIG reported these features to DHRM during audit testing and are detailed in the background section of this report.

April 2020

HIGHLIGHTS

Why OSIG Did This Audit

- OSIG conducted this performance audit to determine whether DHRM was using RMS to its full potential to attract high quality state employees and identify value-added features for a replacement system DHRM is evaluating.

What OSIG Recommends

- Improve the consistency of data entered by state agencies into RMS and the newly planned system to ensure metrics accurately portray performance.
- Change the current TTH performance metric into two more meaningful metrics; time-to-acceptance and time-to-the-start of employment.
- Establish detailed procedures for recruitment management activities performed in RMS by state agencies.

How DHRM Responded

- DHRM agreed with all of the audit findings and developed a corrective action plan to address all recommendations.

For more information, please contact OSIG at (804) 625-3255 or www.osig.virginia.gov

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BACKGROUND

The Virginia Department of Human Resource Management (DHRM) serves as the central human resource agency providing a broad range of leadership, guidance and operational support to state government agencies.[1] DHRM provides and administers a web-based recruitment system designed to assist agencies in attracting high-quality employees to the service of the Commonwealth of Virginia.[2]

In 2006, DHRM implemented the Recruitment Management System (RMS), an online, web-based recruitment system with many features to help streamline recruitment. DHRM upgraded the system in 2015 and introduced new RMS tools in 2016 to assist DHRM and agency hiring managers with additional talent management capabilities. RMS integrates all phases of the employment process, from the initial job requisition to the demographics of the applicant selected for employment. RMS consists of four major components:

- **Job Requisition** - used to create and advertise job announcements and capture recruitment costs and postings locations.
- **Online Employment Applications -** customized to state specifications and are completed and submitted online for a specific position and stored by the system.
- **Applicant Tracking** - stores and tracks applicant data for a specific job posting.
- **Equal Employment Opportunity (EEO) Reporting** - allows applicants to voluntarily disclose EEO categorizations as part of the applicant process.

DHRM uses RMS to collect data necessary to conduct comprehensive statistical analysis and reporting on the recruitment and selection practices of the Commonwealth. In fiscal year (FY) 2018, DHRM reported 14,704 total recruitments statewide and receipt of 493,778 applications with a hiring offer acceptance rate of 86 percent[3].

In July 2019, a restructuring of DHRM services shifted staff to four primary service teams to align with critical mission priorities. The Talent Management Team devotes its efforts to employment, succession planning and RMS management.

In an effort to inspire agencies to reduce recruitment times, the Governor's Chief of Staff established a challenge to bring the statewide average TTH to under 50 days based on private

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[1] https://www.virginia.gov/agencies/department-of-human-resource-management/

[2] § 2.2-1201.6 Duties of Department; Director

[3] DHRM At-A-Glance Annual Report, June 30, 2019

sector benchmarking. During OSIG's audit work, we calculated 132 days as the statewide average TTH, which differed from DHRM's calculation of 81 days. After OSIG identified the cause of the difference, DHRM corrected the calculation.

The intent of this audit was to determine how well agencies understood and used the recruitment system, not to evaluate the effectiveness of Commonwealth agencies' ability to meet the 50-day challenge. In addition, OSIG sought to determine features DHRM may consider useful because DHRM is considering the implementation of a new system.

DHRM is purchasing a new recruitment system with implementation planned by November 2020. As part of the audit, OSIG surveyed users to identify features for consideration in the new system. The list below, developed after DHRM had issued their request for proposals, includes the desired features identified by at least four survey respondents or features from select universities' non-RMS systems. (OSIG previously provided this list to DHRM who considered the list during their period of review of proposals.)

1. Printing and/or reading multiple applications.
2. System-generated screening criteria sheets and information to be included therein.
3. Reporting enhancements such as an EEO report similar to the one in the existing HuRMan data warehouse or reports with statistical data.
4. Integration of the recruitment system with the human resources (HR) information system.
5. Automated screening of applications.
6. Options for candidates to state the reason for rejecting an offer.
7. Use of status codes to identify recruitments not resulting in a hired employee.
8. Onboarding tasks report.
9. Automated offer letters.
10. More detailed metrics such as:
    a. Time-to-offer acceptance.
    b. Time-to-start.
    c. Hiring offers acceptance rate.
11. Creating a job posting from a prior posting.
12. Interfaces with popular recruitment sites.
13. Candidate's ability to check application status.
14. System-generated emails at final hiring decision.
15. Use of a status code for filled positions.
16. EEO reports for review of diversity in candidate pools.

SCOPE

The audit scope covered Employee Recruitment Management operations from fiscal years 2016, 2017 and 2018 and focused on executive branch state agencies subject to state policy through DHRM. Certain state universities, who do not use the RMS were not included in the scope.

OBJECTIVES

Objectives of this audit were to:
- Determine whether RMS has value-added features that enable Commonwealth agencies to improve recruitment results compared to manual processes.
- Determine whether agencies are using RMS value-added features to recruit employees effectively and efficiently.
- Determine whether RMS training provides agency-hiring personnel with the knowledge to use tools easily within the system.
- Determine whether Virginia compares favorably to other state governments and regional employers in the length of TTH employees.
- Determine whether DHRM's hiring policy negatively impact agencies' recruitment measures by containing more requirements than state and federal laws.

METHODOLOGY

OSIG conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that OSIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. OSIG believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

OSIG applied various methodologies during the audit process to gather and analyze information pertinent to the audit scope and to assist with developing and testing the audit objectives. The methodologies included the following:
- Conducting interviews.
- Identifying available recruitment tools and desired system features to enable improvement of Commonwealth agencies' recruitment results.
- Conducting surveys.
- Examining a sample of recruitments from a number of agencies to determine whether available tools are effectively used and if agencies' HR staff received adequate training.
- Using the same sample of recruitments to determine if hiring practices are consistent among Commonwealth agencies.
- Recalculating performance metric data to validate DHRM's reporting.

- Analyzing the sample of recruitments to determine if hiring practices are consistent among Commonwealth agencies and to determine DHRM authority to ensure consistency.
- Assessing the current hiring policy for efficiency in relation to the requirements of the Virginia Personnel Act and other state and federal laws.

FINDINGS

OBSERVATION 1 — INACCURATE TIME-TO-HIRE METRICS

For 35 of 38 recruitments having a long TTH metric (more than 190 days), agencies failed to update RMS when the positions were filled. The TTH metric is measured from the job posting open date to the posting's "filled-at" date. The system updates were made from 38 to 1,040 days after the employee's start date, and 32 of these postings were marked more than 200 days after the employee's start date.

Because the average TTH is useful in evaluating the efficiency of an agency's selection process, HR users should ensure that RMS data fields used for performance metric calculations contain accurate values. An HR user cannot manually enter the filled-at date into RMS. Instead, RMS determines the filled-at date as the time an HR user marks a job posting filled. DHRM has recommended that agencies mark positions filled after a candidate has accepted a verbal job offer.

Reasons for not updating the system timely included:
- Agency employees did not fully understand the transaction steps required for marking a posting filled in RMS.
- Errors by prior agency HR employees before current staff began working.
- Some agency HR offices were understaffed and overlooked this task, or it was assigned a low priority.
- No monitoring of lengthy recruitments in place to identify inaccurate filled at dates.

The late (incorrect) filled-at dates resulted in overstating TTH metric for the 35 recruitments in our sample.

Recommendation(s):
DHRM and individual agencies should monitor lengthy recruitments to ensure that they accurately record the filled-at date. If the TTH metric is used in the new recruitment system, the ability to edit the date manually for corrections should be included.

Management Response(s):
DHRM **agrees** with the conditions observed and recommendations as presented.

DHRM Corrective Action Plan:
Appendix I contains DHRM's corrective action plan received to address the above recommendation(s). In providing the plan, DHRM committed to the following deliverables:

DHRM will distribute a communication to agency human resource directors and RMS Administrators regarding expectations for monitoring all, including lengthy recruitment actions and the need for data integrity and reliability within existing technology constraints in the current RMS.

Greater central and end-user functionality with regard to TTH and related recruitment metrics is a requirement included in the request for proposal (RFP) for the RMS replacement platform.

OBSERVATION 2 — INCOMPARABLE TIME-TO-HIRE METRIC

The TTH metric does not provide comparability among agencies where there is a different focus on the recruitment end date. Agencies marked job postings as filled at different points in the recruitment process. HR personnel interviewed at 36 agencies indicated marking RMS job postings as filled at the following point in the recruitment process:

Point in Recruitment When Posting is Marked as Filled	Verbal Acceptance of Job Offer	After Receiving a Signed Offer Letter	Applicant's First Day of Work
Number of Agencies	16	8	12

Meaningful metrics allow management to assess performance. Metrics, such as TTH, should be computed on the same basis for consistency and comparability allowing management to evaluate the recruitment process. DHRM's suggested guidance was to mark positions filled after obtaining a verbal acceptance.

Agencies have not followed DHRM's suggested guidance because agencies may not be aware of the guidance or have differing requirements for when to mark a position filled. Agency personnel gave the following reasons for when a position is marked as filled:
- Agency protocol/standard practice.
- Applicants back out after accepting an offer.
- 50-day TTH initiative.
- DHRM guidance/recommendation.

In RMS, each recruitment's filled-at date impacts the TTH measure, leading to metrics that are incomparable among agencies. In addition, statewide metrics are skewed by agencies who report the position filled-at date in different stages of the recruitment. At universities, OSIG found that Virginia Tech had two metrics: time-to-acceptance and time-to-start. An opportunity exists to make the metrics more meaningful.

Recommendation(s):

DHRM should consider establishing metrics in the new recruitment system that allow agencies with differing needs to provide consistent and accurate data. DHRM should consider using the time-to-acceptance and time-to-start metrics in place of a single time-to-hire metric.

Management Response(s):

DHRM **agrees** with the conditions observed and recommendations as presented with the following statement:

DHRM will establish a uniform definition of "filled" and will standardize within the Report Builder feature in the new RMS system. In addition to what is recommended herein, additional metrics may be identified related to time to fill.

DHRM Corrective Action Plan:

Appendix I contains DHRM's corrective action plan received to address the above recommendation(s). In providing the plan, DHRM committed to the following deliverables:

> DHRM has included improved statewide metrics in the RFP requirements, which will be further defined in the SOW at the appropriate time. DHRM has internally defined "position filled date" as the report to work date. This can be utilized in the current RMS.

OBSERVATION 3 — DETAILED PROCEDURES NEEDED

DHRM has no detailed procedure for using RMS. Sufficient guidance should be available to assist agency employees in carrying out recruitment and hiring responsibilities. Although DHRM HR Policy 2.10 includes administrative procedures in hiring and the policy is supplemented with policy guides, neither the policy nor the policy guides include RMS use procedures. Existing support documentation was decentralized through various memos at the time of the audit testing, but organization was subsequently improved with an updated DHRM website. Without sufficient policy and procedure guidance, agency recruitment employees are not consistently using the system, which results in other audit findings on the TTH metric and use of system reports.

Recommendation:

DHRM should develop step-by-step instructions on how to use the system and incorporate them into either DHRM HR Policy 2.10 or its supplemental policy guides.

Management Response:

DHRM **agrees** with the conditions observed and acknowledges that detailed procedures and guidance materials can be expanded and organized in a manner that support consistent end-user application, along with the development of an overarching policy.

DHRM Corrective Action Plan:

Appendix I contains DHRM's corrective action plan received to address the above recommendation(s). In providing the plan, DHRM committed to the following deliverables:

> Detailed procedures and guidance materials will be expanded and organized in a manner that support consistent end-user application, along with the development of an overarching policy.

OBSERVATION 4 — USERS NOT PROFICIENT WITH SYSTEM

Of the 34 RMS users interviewed:
- Eighteen stated not being proficient in the use of RMS, but 17 of the 18 indicated knowing enough about the system to do their job.
- Twenty indicated not using the system reports available. An additional nine only used the available EEO reports.

These statistics were a result of dated training and disorganized reference materials available to users. The last formal RMS training provided to agencies by DHRM through PeopleAdmin (vendor) was February 2015. The vendor did not provide DHRM course evaluations; therefore, OSIG was unable to assess the effectiveness of the training other than through inquiry of agency personnel. However, 20 of those interviewed stated that the training received was either not effective or no longer effective, or that no training was received.

DHRM's website offers RMS user guidance in a variety of communications (e.g., RMS Upgrade Communications, User Guide for Craven Community College, Tips & Tricks), but the guidance is not organized for ease of reference. Without sufficient training or organized reference and training materials, agency RMS users are not marking positions filled consistently to provide for accurate metrics and efficient use of the system.

Resources such as available system reports should be used by those responsible for employee recruitments through RMS. Sufficient understanding of the resources, such as available RMS reports, allows for more efficient recruitment efforts by agencies.

Recommendation(s):

Sufficient training for agency recruitment employees that includes available reports and other tools should be provided once the new recruitment system is procured and in place. Instead of providing training only at the beginning of new system implementation, DHRM should provide consistent and ongoing training to provide for greater system consistency and efficiency.

Management Response:

DHRM **agrees** with the conditions observed and recommendations as presented with the following statement:

DHRM anticipates training will be provided with the release of a new RMS. Training will be vendor-provided resources. In addition, the Talent Management Team will have oversight for ongoing RMS training delivery to the Commonwealth's HR community.

DHRM Corrective Action Plan:

Appendix I contains DHRM's corrective action plan received to address the above recommendation(s). In providing the plan, DHRM committed to the following deliverables:

Training will be provided with the release of a new RMS. Training will be vendor-provided resources. In addition, the Talent Management Team will have oversight for ongoing RMS training delivery to the Commonwealth's HR community.

OBSERVATION 5 — INADEQUATE RETENTION OF DATA USED TO CALCULATE RECRUITMENT PERFORMANCE MEASURES

DHRM did not retain a copy of the RMS data file when calculating recruitment performance metrics for its FY 2016, FY 2017 and FY 2018 At-A-Glance reports. DHRM prepares these reports for agency heads and management to provide consistent performance measures. The information within these reports should be accurate and verifiable.

DHRM had no way to verify the accuracy of the At-A-Glance reports. Similarly, OSIG auditors could not recalculate the recruitment performance metrics (TTH, Hiring Offers Accepted) published in the reports from the original data. Instead, OSIG did computations using a later set of data.

DHRM did not retain a copy of RMS data at the time the reports were prepared because DHRM did not find it necessary. However, RMS data constantly changes as users update the system.

Recommendation(s):

DHRM should retain a copy of the data file it uses when calculating recruitment performance metrics to allow for independent verification of the numbers. Additionally, DHRM may want to consider having the ability to view data as of a certain date be a feature in the new recruitment management system.

Management Response:

DHRM **agrees** with the conditions observed and recommendations as presented with the following statement:

DHRM will consider having the ability to view data as of a certain date as a feature in the reporting tool of the new recruitment management system.

DHRM Corrective Action Plan:

Appendix I contains DHRM's corrective action plan received to address the above recommendation(s). In providing the plan, DHRM committed to the following deliverables:

DHRM will take steps in the new RMS to retain a copy of the data file used to calculate recruitment performance metrics to allow for independent verification of the numbers. We will consider having the ability to view data as of a certain date as a feature in the reporting tool of the new recruitment management system.

OBSERVATION 6 — INCONSISTENT QUALITY REVIEW OF RECRUITMENT ACTIVITIES

Of the 36 agency recruitment employees interviewed, only 16 indicated having some type of quality review function, including supervisory review, over employee recruitment activities within the recruitment employee's agency. Additionally, DHRM does not review recruitment activities on an ongoing basis. Recruitments should adhere to DHRM hiring policies and be verified through quality assurance reviews.

The hiring process in general has numerous potential risks with legal and financial ramifications ranging from EEO compliance to the business risk of hiring incompatible or poorly performing employees, as well as the political impacts of conflicts of interest in the hiring process. These risks are intensified in the absence of a quality assurance program, especially with $10.8 billion spent on salaries and benefits statewide in FY 2019.[4]

Recommendation(s):

DHRM should establish sufficient quality assurance through supervisory review and statewide monitoring over the employee recruitment process.

Management Response:

DHRM **agrees** with the conditions observed and **agrees** with the recommendations as presented with the following statement:

DHRM is in partial agreement with the observation. DHRM agrees that agency hiring practices must conform to the state hiring policy and related state and federal employment law. While DHRM oversight of hiring activities can be strengthened, it is important to note that the Commonwealth's employment program is decentralized. DHRM and Agencies have multiple methods in place today to mitigate the concerns noted.

DHRM agrees that we can strengthen the quality assurance oversight and review of the Commonwealth's employment program. In addition, Agencies can continue to utilize existing tools to monitor recruitment and employment related activities. These tools include the following: EEO Assessment Tool, EEO Calculator, and Applicant Flow component.

These web-based tools include all of the statistical applications sanctioned by the US Supreme Court and the federal Equal Employment Opportunity Commission for determining whether agencies' employment practices result in adverse impact against protected groups. The purpose of the EEO Assessment Tool is to ensure fairness and equity

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https://www.datapoint.apa.virginia.gov/dashboard.php?Page=Expenditures&FiscalYear=2019&Category=11E&Name=Personal%20Services

in all tangible employment practices, ensure compliance with all relevant federal and state laws/regulations, and provide agencies with the ability to review employment practices proactively. The EEO Calculator provides agencies with the means to assess potential disparate impact against minorities, women, older employees (40 yrs. and older), and veterans concerning the prospective implementation of certain employment practices, including layoffs, in order to ensure fairness and equity. The Applicant Flow component is designed to determine whether agencies' hiring practices results in disparate impact against the aforementioned groups.

Agencies can also continue the inclusion of employment related practices in annual ARMICS reviews. (ARMICS is the Commonwealth's risk management and internal control structure.)

DHRM Corrective Action Plan:

Appendix I contains DHRM's corrective action plan received to address the above recommendation(s). In providing the plan, DHRM committed to the following deliverables:

DHRM restructured Talent and Policy Services July 2019 to include the development of improved quality assurance processes for all services provided, including recruitment. Agencies can continue to utilize existing tools to monitor recruitment and employment related activities including the following: EEO Assessment Tool, EEO Calculator, and Applicant Flow component.

AUDIT RESULTS

This report presents the results of OSIG's audit of DHRM Employee Recruitment Management.

The following audit results are discussed in detail in the Findings section:

- Inaccurate Time-To-Hire Metric.
- Incomparable Time-To-Hire Metric.
- Detailed Procedures Needed.
- Users Not Proficient with System.
- Inadequate Retention of Data Used to Calculate Recruitment Performance Measures.
- Inconsistent Quality Review of Recruitment Activities.

Based on the results and findings of the audit test work conducted on DHRM Employee Recruitment Management, OSIG concluded that internal controls, related to the audit objectives, were operating properly except as identified in the report findings.

APPENDIX I – DHRM CORRECTIVE ACTION PLAN

RECOMMENDATION NO.	RECOMMENDATION	CORRECTIVE ACTION	DELIVERABLE	ESTIMATED COMPLETION DATE	RESPONSIBLE POSITION
1	DHRM and individual agencies should monitor lengthy recruitments to ensure that they accurately record the filled-at date. If the TTH metric is used in the new recruitment system, the ability to edit the date manually for corrections should be included.	• DHRM will distribute a communication to agency human resource directors and RMS Administrators regarding expectations for monitoring all, including lengthy recruitment actions and the need for data integrity and reliability within existing technology constraints in the current RMS. • Greater central and end-user functionality with regard to TTH and related recruitment metrics is a requirement included in the RFP for the RMS replacement platform.	• Communicate guidance to agencies regarding expectations with current RMS. • Communicate guidance to agencies regarding new RMS.	May 15, 2020. Implementation of new RMS TBD.	Natalie Brannon, Talent and Policy Services Director.

2	DHRM should consider establishing metrics in the new recruitment system that allow agencies with differing needs to provide consistent and accurate data. DHRM should consider using the time-to-acceptance and time-to-start metrics in place of a single time-to-hire metric.	• DHRM has included improved statewide metrics in the RFP requirements, which will be further defined in the SOW at the appropriate time. DHRM has internally defined "position filled date" as the report to work date. This can be utilized in the current RMS.	Communicate "position filled date" definition and related guidance to agencies for application in the current RMS.	July 1, 2020.	Natalie Brannon, Talent and Policy Services Director.
3	DHRM should develop step-by-step instructions on how to use the (new recruitment management) system and incorporate them into either DHRM HR Policy 2.10 or its supplemental policy guides.	• Detailed procedures and guidance materials will be expanded and organized in a manner that support consistent end-user application, along with the development of an overarching policy.	• Publish system and policy guidance documents and training resources.	Implementation of new RMS TBD.	Natalie Brannon, Talent and Policy Services Director.

| 4 | Sufficient training for agency recruitment employees that includes available reports and other tools should be provided once the new recruitment system is procured and in place. Instead of providing training only at the beginning of new system implementation, DHRM should provide consistent and ongoing training to provide for greater system consistency and efficiency. | • Training will be provided with the release of a new RMS. Training will be vendor-provided resources. In addition, the Talent Management Team will have oversight for ongoing RMS training delivery to the Commonwealth's HR community. | • Deliver comprehensive training and ongoing knowledge resources for all end users. | Implementation of new RMS TBD. | Natalie Brannon, Talent and Policy Services Director. |

5	DHRM should retain a copy of the data file it uses when calculating recruitment performance metrics to allow for independent verification of the numbers. Additionally, DHRM may want to consider having the ability to view data as of a certain date be a feature in the new recruitment management system.	• DHRM will take steps in the new RMS to retain a copy of the data file used to calculate recruitment performance metrics to allow for independent verification of the numbers. We will consider having the ability to view data as of a certain date as a feature in the reporting tool of the new recruitment management system.	• Deliver improved file retention to validate performance metrics and new related reporting tools.	Implementation of new RMS TBD.	Natalie Brannon, Talent and Policy Services Director.
6	DHRM should establish sufficient quality assurance through supervisory review and statewide monitoring over the employee recruitment process.	• DHRM restructured Talent and Policy Services July 2019 to include the development of improved quality assurance processes for all services provided, including recruitment. Agencies can continue to utilize existing tools to monitor recruitment and employment related activities including the following: EEO Assessment Tool, EEO Calculator, and Applicant Flow component.	• Implement Quality Assurance strategy, plan, and processes.	December 2020	Natalie Brannon, Talent and Policy Services Director.