

**OFFICE OF THE CITY AUDITOR AND CLERK**  
**INTERNAL AUDIT**



**HUMAN RESOURCES RECORDS MANAGEMENT**


AUDIT # 19-09

Audit Conducted by:

Vaughn Gritton, CIA  
Senior Internal Auditor

Hayden Gaston, CIA  
Manager, Internal Audit

Audit Reviewed and Approved by:

  
Shayla Griggs, City Auditor and Clerk

You can obtain copies of this report by contacting us at:

**Office of the City Auditor and Clerk**

1565 1<sup>st</sup> Street  
Sarasota, FL 34236

(941) 954-4135

Or download and view an electronic copy by visiting:

[www.sarasotagov.com](http://www.sarasotagov.com)



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# Executive Summary

## Audit #19-09 Human Resources Records Management

### Audit Purpose and Scope

Internal Audit performed an audit of the City of Sarasota Human Resources (HR) Department's personnel file records management. The audit was included in the 2019 Audit Plan. Audit procedures included interviews with stakeholders, ordinances, rules and regulations, and a review of a sample of active and terminated employee files.

Specifically, the objective of this audit assessed internal controls and processes in place for personnel file records based on:

- A sample of active employees, and;
- A sample of terminated employees.

The scope of this audit included a review of active employee files as of June 30, 2019. The scope also included a review employee files who were terminated July 1, 2017 to June 30, 2019.

We conducted our review according to guidelines set forth by the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

### Summary of Conclusions

Overall internal controls and processes are in place to effectively maintain employee personal files. We did identify some opportunities to improve the effectiveness and efficiency of human resource management of employee files.

The City of Sarasota is looking into transitioning from a manual record retention system to an electronic system. Personnel files contain both electronic elements and paper elements that are not consistent with current requirements. The Personnel Rules and Regulations have not been updated to reflect or define the current requirements or processes. Departmental HR Liaisons responsibilities are not monitored, and regular training is not provided.

Management has plans to address the issues identified and is working with other departments to develop an electronic system.

We would like to take the opportunity to thank the department and individuals included in this audit for the courtesies extended to us and for their cooperation during the audit.

### Audit Objective

Determine whether internal controls and processes are adequate and appropriate to provide reasonable assurance that employee files contain the appropriate and required documentation.

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This Executive Summary is limited in detail. To obtain the full background on a particular item, please read the Detailed Audit Report or contact Internal Audit prior to drawing conclusions based upon the limited information contained in this summary.

# Detailed Audit Report Audit

## #19-09 Human Resources Records Management

### Background and Introduction

The City of Sarasota's HR department performs various functions for the City's departments. As part of their responsibilities, HR is responsible for maintaining employee personnel files and the hiring function for the City. As of June 30, 2019, there were 905 active employees. This total of active employees was inclusive of all full-time, contract, and part-time employees.

The HR Department posts approved vacancies, screens applicants, and refers qualified employees to the department's hiring managers. HR services are provided by three Human Resource Generalists. HR also utilizes liaisons in each department of the City. Liaisons help to communicate and provide documentation of requests, changes or additions that employees may have experienced back to HR.

At the time of hire HR collects relevant documents, compiles both personal, training and medical information. The department is responsible for maintaining these files in a secure and orderly manner. Generally, HR employee files have four separate individual sections.

1. General Information – (I-9's)
2. Financial Folders – W-4, Direct Deposit, etc.
3. Sick Leave Envelopes – Request for leave
4. Six Section Folders
  - Training/Certifications
  - New Hire Orientation
  - Performance Reviews
  - Personal Action Papers
  - Changes in Personal Data
  - Request for leave forms

Consistent and good documentation is important in maintaining complete employee files. Additionally, during the offboarding process employee files should contain the necessary support to properly determine what needs to be returned back to the City, such as keys, ID badges, computers, credit cards, etc. Additionally, the process should also document what the organization owes the employee, such as accumulated time off pay, necessary health information (COBRA Forms), retirement or savings information, address remaining wages to be paid, etc. Currently the termination process is handled by the department and HR is notified by email and is responsible for physical access cancelling the physical access associated with the badges.

### Noteworthy Accomplishments

- Human Resources has implemented an electronic Learning Management System. Calendars of events, trainings and webinars are being offered to employees on the City of Sarasota's SharePoint website.
- Employee files included in the sample contained all legally required documentation and were generally in order.

## **Audit Purpose and Scope**

The purpose of this audit was to evaluate the accuracy and completeness of departmental personnel records. The audit included a sample of current employees as of June 30, 2019 and a sample of terminated employee files from July 1, 2017 through June 30, 2019.

## **Audit Objective**

The audit objective was to determine whether internal controls and processes are adequate and appropriate to provide reasonable assurance that employee files contain the relevant and required documentation

## **Audit Standards**

The auditors conducted this audit in conformance with the International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. Those standards require 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 findings and conclusions based on the audit objectives.

## **Testing Methodology**

- Interviewed appropriate personnel;
- Reviewed:
  - A sample of active employee HR files;
  - A sample of active Florida Department of Law Enforcement (FDLE) Jackets;
  - A sample of active employee I-9 files; and,
  - A sample of terminated employee HR files.

To achieve the audit objectives, sampling techniques were utilized to review a sample of active and terminated employee files.

## **Audit Criteria**

HR "New Hire Checklist" and "Termination Checklist";  
Administrative Regulations 037.A010.1208 and 037.A009.1208;  
City of Sarasota Personnel Rules and Regulations; and,  
Immigration Reform and Control Act of 1986.

## **Audit Observations and Testing**

A sample of 65 active employee personnel files were selected for review. Guidance of what is contained in the employee personnel file was provided by HR and was the focus for the review. Each personnel file reviewed included a separate I-9 file that was reviewed to ensure that the information contained in them met the list of acceptable documents for employment eligibility verification requirements as prescribed in the Immigration Reform and Control Act of 1986 (IRCA).

A sample of 55 terminated employee files were reviewed to determine that each file contained documentation as required by HR. The Personnel Action Paper (PAP) documentation was included in each file. A Termination Checklist was not consistently included in each file.

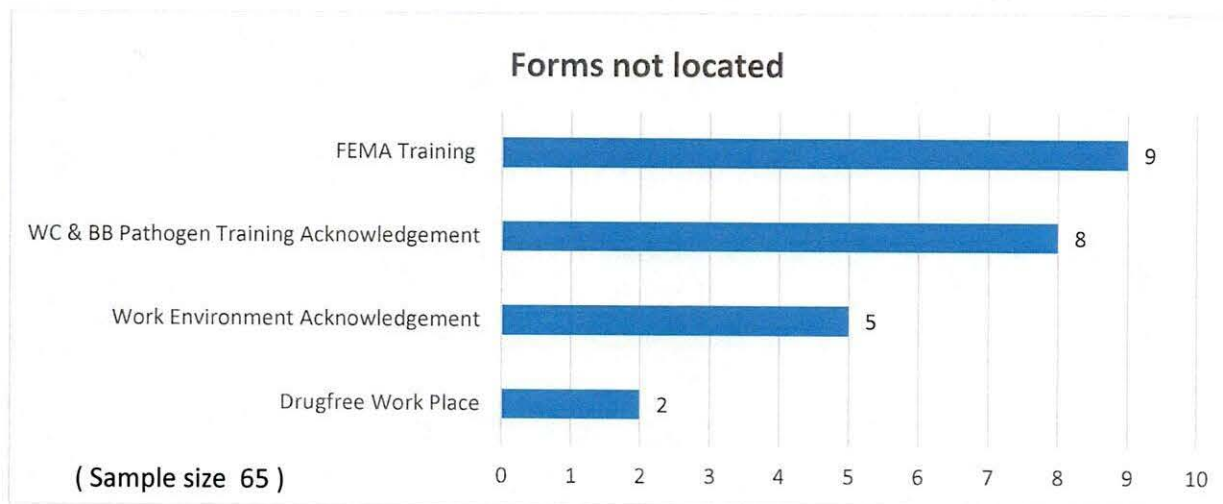
## DISCUSSION POINT: NEW HIRE DOCUMENTATION REQUIREMENTS

As noted above, when an individual is hired there are various documents that are included in their personnel file. Some of these documents are completed during the hiring process or at the time of hire and some are provided by the employee after being hired. HR has a checklist of specific documentation to be included in employees' files.

One of the documents required, depending on type of employment, is a background check. Out of a sample of 65 current active employees 43 (67%) did have background checks included in the application portion of the Human Resources file. Of the 22 files that did not have background check results evidence, nine employees are either sworn Sarasota Police Department (SPD) Officers or civilian employees that work in the Sarasota Police Department. These nine background checks were found in the SPD FDLE Jacket, not maintained in HR. Five of the 22 without background checks were hired prior to 2007 and it appears that very basic (driver's license) checks were performed (the City did not start requiring background checks until approximately 2008). The remaining 8 files not containing background checks were a mixture of full time, part time and temporary employees.

It should be noted that the SPD employees do have extensive background checks. The results are in the employees Florida Department of Law Enforcement (FDLE) Jacket kept by SPD in their departmental employee file room, including civilian employees working within the SPD. It appears that these background checks were not forwarded over to HR.

Documents that are received by HR after the hiring process include forms for FEMA training, sexual harassment training acknowledgment, drugfree workplace, etc. These forms can either be sent to HR by the employee or by the Department liaison. Of the 65 current active employees sampled, 9 Federal Emergency Management Training certifications were not located in the paper file. There were 8 instances where the Worker Compensation and Blood Borne Pathogen training acknowledgment were not located in the paper file or the electronic file. Two instances the Drugfree Workplace acknowledgement forms were not located in the paper file.



Although review for this form wasn't part of the testing criteria, it was noted that the Request for Time Off forms were not consistently located in employee files.

## RECOMMENDATION: NEW HIRE DOCUMENTATION REQUIREMENTS

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We recommend training sessions with department HR liaisons to educate them on the processes and requirements of providing HR with information related to employee background information or any other training documentation needed to update employee files. Personnel Rules and Regulations should be updated to accurately reflect current operations and required employee documentation throughout the employment life cycle.

Management should continue to work on migrating new hire documentation and training documentation into a new software system for maintaining an electronic personnel file.

## MANAGEMENT RESPONSE: Concur.

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- 1. Training sessions for HR Liaisons-** the HR Team meets with the HR Department Liaisons sporadically for training and informational sessions. These sessions need to be more consistent. We will be implementing Quarterly meetings of the HR Liaison with training information on the agenda. Currently working on implementation, expected by December 2019.
- 2. Personnel Rules and Regulations updates-**The guiding document for our Personnel Rules are not up-to-date and current. This is a large undertaking and will be focused on as a possible budget item to engage assistance in the process. This process also has possible impact on bargaining connections so the City must be sensitive to that. Expected implementation by the end of 2021.
- 3. Human Resources** has procured an online Learning Management System for electronic training and will be utilizing that software if budget dollars continue to be dedicated to this LMS. HR is also working with Records Management to convert employee files to OnBase. This project will be a massive undertaking and will be planned out in coordination with Records management and dependent upon labor time, implementation expected by the end of 2022.

## DISCUSSION POINT: TERMINATION REQUIREMENTS

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Employers develop standard procedures governing both voluntary termination of employment and involuntary termination of employment by the employer. Personnel Rules and Regulations #7 "Personnel Actions" lists termination requirements, but has not been updated or revised since November 2013, and does not reflect current operating procedures. A termination checklist is part of the requirement but is not being consistently performed or maintained. Currently HR is notified by an email when there is a termination of employment. Follow-up and completion of the termination checklist falls to the department to complete.

The termination checklist was not included in 48 out of 55 terminated employee files. Additionally, PAP forms contained handwritten information related to final pay due to the employee without support for the amounts maintained in the file.



## RECOMMENDATION: TERMINATION REQUIREMENTS

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HR should re-evaluate and update the Personnel Rules and Regulations to include procedures relating to employee termination.

We would also recommend including screen shots or copies of payroll information in employee files to document the amounts owed at the time of separation.

MANAGEMENT RESPONSE: Concur.

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**1. Rules updated for Termination procedures** - this process may be more applicable to an Administrative Regulations which would inform staff of the procedure when exiting an employee. I recommend this document vs. a Rule change. Completion date expected end of 2020.

**2. Payroll Screen Shots** - This is a great recommendation for documentation and auditing purposes. HR has implemented this process already.

## Final Comments

We would like to take the opportunity to thank the department and individuals included in this audit for the courtesies extended to us and for their cooperation during the audit.