



Orlando-Orange County Expressway Authority

Human Resources Process Review

September 30, 2011

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Executive Summary

Overview

As part of the Fiscal 2012 Internal Audit Plan, Internal Audit (IA) performed a review of Human Resources (HR), with a focus on the policies, procedures and related internal controls around key HR processes. In addition, IA gained an understanding of the succession planning strategy and compared it to leading practices to identify opportunities for improvement.

The review was performed in accordance with Generally Accepted Government Auditing Standards (GAGAS) and the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing.

Objectives

The overall objective of this work was to evaluate the following key HR processes and test related internal controls for compliance with policies around:

- Recruiting and hiring;
- Training;
- Performance appraisals;
- Setup, maintenance and security of personnel records;
- Benefits administration;
- Performance, reward, and recognition;
- Employee terminations.

Additional audit objectives were to compare the HR processes and controls to Florida Statutes and leading HR practices, and to compare the Authority's succession planning strategy against leading practices to identify potential opportunities for improvement.

Scope and Approach

The scope of the work included interviews with the Manager of Human Resources and General Counsel to identify key internal control attributes and applicable laws; a detailed review of existing policies; documenting process risks and controls; testing selected samples against the attributes identified; and reporting findings and suggesting courses of action to the Authority.

Continued on the following page...

Executive Summary *(continued)*

The internal control testing period encompassed the 18 month period from January 1, 2010 to June 30, 2011. The three-phased audit approach is outlined below.

Phase I – HR Policy and Procedure Review

IA conducted interviews with the Manager of Human Resources to gain an understanding of the procedures that are performed. In addition, IA met with the General Counsel's office to gain an understanding of the HR implications of any applicable Florida Statutes. There were no formal desktop procedures available for our review.

Phase II – Key Control Identification and Testing

This phase of the review included documenting our understanding of the HR processes in the form of process maps (Appendix A), and identifying internal controls that are in place or potentially should be in place (Appendix B). Detailed testing of identified internal controls in place was performed to verify effectiveness.

In addition, since no documented succession plan strategy is in place, IA performed interviews to gain an understanding of the Authority's strategy and processes in place for succession planning.

Observations and recommendations identified from Internal Audit's review of control design and testing of control operating effectiveness were subsequently validated with Authority management.

Phase III – Reporting and Action Plans

Based on the results of the work performed, Internal Audit prepared this report for management's review and comment and for issuance to the Authority's Audit Committee.

Executive Summary *(continued)*

Summary of Findings

Nine audit findings were identified as a result of our work. These findings were classified using a relative priority of high, medium, or low to provide the Audit Committee and management with a basis for prioritizing them in the overall context of this report.

#1 – HR Policies and Procedures: The Authority has an Employee Handbook that covers a broad range of topics such as benefits, security, employee conduct, etc. The handbook is updated annually and new employees sign an acknowledgment when it is received. Although HR has informally adopted various procedures to implement the employee policies, these have not been documented. The Authority should develop formal desktop procedures for each of the key HR processes. The procedures should be reviewed at least annually for necessary updates and the last revision date should be documented on the face of the procedures. *Relative Priority: High*

#2 – Performance Appraisals: According to the Employee Handbook, employee performance reviews should be conducted on an annual basis so employees are aware of their progress and areas of improvement. The Authority has not conducted formal performance evaluations for employees since 2009. Performance evaluations should be conducted annually. *Relative Priority: High*

#3 – Succession Planning: The Authority strives for a three-month overlap period for retiring key employees to train their replacements. However, in the event that an employee leaves or is unable to perform their duties with little or no notice, there is no documented, organization-wide succession plan for key members of the management team. Although the Authority is a small organization with fewer than 100 employees, an effective succession plan should be created to meet both the needs of the organization and allow for flexibility in regards to selecting permanent replacements. Interim replacements should be determined and documented for each of the key management positions, and those replacements should perform the duties of that position until the time that a permanent replacement is named. *Relative Priority: Medium*

Continued on the following page...

Executive Summary *(continued)*

Summary of Findings *(continued)*

#4 - Employee Files: IA reviewed 15 employee files for completeness and order. Of the 15 employees files tested, four were missing documentation although the new hire checklists reflected the documents as being received. The Manager of HR should verify all necessary documentation is received from employees at the time of hire, the employee files should be organized in such a way that the required documentation is easy to locate, and a review of the employee files for completeness should be performed and documented at least annually. *Relative Priority: Medium*

#5 – Employee Handbook: The latest version of the 2010/2011 Employee Handbook no longer includes an acknowledgement form for employees to sign and return upon hire. The Manager of HR has been providing an addendum to the handbook for employees to sign and return as acknowledgement of receipt. It was noted that since the addendum has been used, 4 employees did not have the signed acknowledgment form in their file. The Employee Handbook should be updated to include an acknowledgement form. Employees should be required to sign and date the form and return it to the Manager of HR as an acknowledgement that they received the handbook. *Relative Priority: Medium*

#6 – Social Media Searches: Leading practices suggest that when a company chooses to perform a social media search (Google, Facebook, etc.) on applicants, HR should be the only department within the organization that performs the search. This is to reduce the risk of discrimination occurring based upon the information found about the candidate. The Authority's HR department currently does not perform social media searches for applicants and has no policy around them; however, department heads are sometimes performing searches on their own. A policy should be implemented that restricts social media searches for all applicants to the HR department only and all other departments should be prohibited from performing these searches. *Relative Priority: Medium*

Continued on the following page...

Executive Summary *(continued)*

Summary of Findings *(continued)*

#7 – Job Description Updates: The Manager of HR and the applicable department head periodically update employee job descriptions. In addition, employee job descriptions are reviewed prior to advertising a vacant position. Leading practices suggest that job descriptions should also be reviewed and updated annually as part of the performance appraisal process, to capture new duties the employee engages in and remove duties that are no longer applicable to the position. The updated job descriptions should be reviewed and approved by HR. *Relative Priority: Low*

#8 – Control Documentation: The Authority has controls in place to ensure that the key HR processes are reviewed. However, it was noted that there is a lack of documentation evidencing the performance of these controls around new job announcements and new candidate selection. Specifically, no documentation could be produced to evidence the review of new job announcements by the department heads, and there was no documented justification around the selection of new candidates. Documentation evidence of controls that are being performed should be created and maintained for all controls in place. *Relative Priority: Low*

#9 – Injury and Illness Prevention Program (IIPP): Injury and Illness Prevention Programs are universal interventions that can substantially reduce the number and severity of workplace injuries and alleviate the associated financial burdens on U.S. workplaces. Although not required, best practices suggest that a documented IIPP should be in place to ensure worker safety and health protection. Currently, OOCEA does not have a documented IIPP in place. The Authority should consider developing an IIPP to include the following elements: management leadership, worker participation, hazard identification, hazard prevention and control, education and training, and program evaluation and improvement. *Relative Priority: Low*

Detailed Findings

Detailed Findings

Finding #1 – HR Policies and Procedures

Relative Priority: High

Observation

A well-laid out policy and procedures manual allows an organization to operate more efficiently and effectively. The Authority has an Employee Handbook that covers a broad range of topics such as benefits, security, employee conduct, etc. The handbook is updated annually and new employees sign an acknowledgment when it is received. Although HR has informally adopted various procedures to implement the employee policies, these have not been documented.

Recommendation

The Authority's should develop formal procedures for each of the key HR processes including but not limited to the following:

- Recruiting and hiring
- Training
- Performance evaluations
- Setup, maintenance, and security of personnel records
- Benefits administration
- Performance, reward, and recognition
- Employee terminations

The procedures should be reviewed at least annually for necessary updates and the last revision date should be documented on the face of the procedures.

Management Response

Concur

Recruiting and Hiring

Training

Performance Evaluations

Personnel Records

Benefits administration

Performance, reward, and recognition

Employee terminations

Succession Planning

Detailed Findings

Finding #1 – HR Policies and Procedures *(continued)*

Recruiting and Hiring

Training

Performance Evaluations

Personnel Records

Benefits administration

Performance, reward, and recognition

Employee terminations

Succession Planning

Management Action Plan

The Manager of Human Resources will develop desktop procedures for all HR processes. These procedures will be reviewed and approved by the Deputy Executive Director. The procedures will be reviewed and updated as necessary, but no less than once a year.

Action Plan Owner / Due Date

Manager of Human Resources / June 30, 2012

Detailed Findings

Finding #2 – Performance Appraisals

Relative Priority: High

Observation

The OOCEA Employee Handbook states, “The Authority will conduct formal reviews once a year for each employee. Job performance evaluations will include factors such as the quality and quantity of work, knowledge of job, attendance, initiative and attitude toward work and toward others. These evaluations should help employees become aware of their progress, areas for improvement, and career goals.” With the exception of the Executive Director and General Counsel, whose performance appraisal are performed by the Board of Directors, no formal performance appraisals have been performed for employees since June 2009.

Recommendation

Formal performance appraisals should be performed annually for all employees as stated in the Employee Handbook, regardless of whether or not pay increases will be given.

Management Response

Concur

Management Action Plan

Performance appraisals will be conducted in the next few months and will be performed annually in the future.

Action Plan Owner / Due Date

Agnes Flagler / November 30, 2011

Recruiting and Hiring

Training

Performance Evaluations

Personnel Records

Benefits administration

Performance, reward, and recognition

Employee terminations

Succession Planning

Detailed Findings

Finding #3 – Succession Planning

Relative Priority: *Medium*

Observation

Leading practices suggest that succession planning systems assist organizations in managing their talent by identifying fully capable individuals who are ready to contribute to the effective performance of the agency over time. The Authority strives for a three month overlap period for retiring key employees to train their replacements; however in the event that an employee leaves or is unable to perform their duties with little or no notice, there is no documented, organization-wide succession plan for key members of the management team.

Recommendation

Even though OOCEA is small organization with a limited number of employees, an effective succession plan should be created to both meet the needs of the organization and allow for flexibility in regards to selecting permanent replacements. At a minimum, the following key management positions should be considered in the succession plan:

- Executive Director
- Deputy Executive Director Administration
- Deputy Executive Director Engineering, Operations, Construction and Maintenance
- Director of Information Technology
- Director of Business Development
- Director of Procurement
- Director of Construction
- Chief Financial Officer
- Manager of Human Resources
- Manager of Public Relations and Communications
- Program Manager
- Manager of Toll Operations
- Manager of Expressway Operations
- Manager of Maintenance

Recruiting and Hiring

Training

Performance Evaluations

Personnel Records

Benefits administration

Performance, reward, and recognition

Employee terminations

Succession Planning

Detailed Findings

Finding #3 – Succession Planning *(continued)*

Recruiting and Hiring

Training

Performance Evaluations

Personnel Records

Benefits administration

Performance, reward, and recognition

Employee terminations

Succession Planning

Interim replacements should be determined and documented for each of the aforementioned positions as part of the annual review process. The interim replacements should perform the duties of that position until the time that a permanent replacement is named. This would satisfy the needs of the organization in the event an employee retires, is terminated, or is otherwise unable to perform their duties while not excluding any employee from being named as the permanent replacement.

Management Response

Concur

Management Action Plan

The Authority will identify staff members that will serve as a backup for each of the above named positions in the event a key position requires a designated interim until the employee returns or is permanently replaced, depending on the situation. This plan will be kept up to date by the Manager of Human Resources.

Action Plan Owner / Due Date

Completed

Detailed Findings

Finding #4 – Employee Files

Relative Priority: *Medium*

Observation

IA reviewed a sample of 15 employee files for completeness and order. Of the 15 employees files tested, 4 of them were missing documentation. The following exceptions were noted:

1. One file did not have the Employee Handbook acknowledgement form.
2. One file did not have the Ethics Policy and Employee Handbook acknowledgement forms.
3. Two files did not have the Employee Handbook acknowledgement form and degree verification documentation.

Recommendation

1. New hires should be required to complete all documentation prior to or on their start date. The Manager of HR should monitor the employee file until all documentation is received. Reminder notifications should also be sent to the employee via email during the first week of employment with an established deadline.
2. Personnel files should be organized corresponding to the New Hire Checklist for efficiency and ease in confirming that all documents have been received.
3. The employee files should be reviewed for order and completeness at least annually and documentation of the review should be maintained to evidence when the last review was performed and when the next one is due.

Management Response

Concur

Recruiting and Hiring

Training

Performance Evaluations

Personnel Records

Benefits administration

Performance, reward, and recognition

Employee terminations

Succession Planning

Detailed Findings

Finding #4 – Employee Files– (continued)

Management Action Plan

- 1a. The Manager of HR will monitor the employee file until all documentation is received. Reminder notifications will also be sent to the employee via email during the first week of employment with an established deadline.
- 1b. Desktop procedures will also address and reinforce the need for follow-up to ensure all documentation is received and filed.
- 2a. Personnel files will be organized corresponding to the New Hire Checklist for efficiency.
- 2b. The two personnel files for each employee will be consolidated into one for ease and efficiency.
3. The employee files will be reviewed for order and completeness at least annually and documentation of the review will be maintained to evidence when the last review was performed and when the next one is due.

Action Plan Owner / Due Date

- 1a. Completed
- 1b. Manager of Human Resources / June 30, 2012
- 2a. Agnes Flagler / December 31, 2011
- 2b. Manager of Human Resources / June 30, 2012
3. Agnes Flagler / December 31, 2011

Recruiting and Hiring

Training

Performance Evaluations

Personnel Records

Benefits administration

Performance, reward, and recognition

Employee terminations

Succession Planning

Detailed Findings

Finding #5 – Employee Handbook

Relative Priority: *Medium*

Observation

The latest version of the 2010/2011 Employee Handbook no longer includes an acknowledgement form for employees to sign and return upon hire. The Manager of HR has been providing an addendum to the handbook for employees to sign and return as acknowledgement of receipt. It was noted that since the addendum has been used, 4 employees did not have the signed acknowledgment form in their file.

Recommendation

The Employee Handbook should be updated to include an acknowledgement form. Employees should be required to sign and date the form and return it to the Manager of HR as an acknowledgement that they received the handbook.

Management Response

Concur

Management Action Plan

- a. The acknowledgement form will be added to the back of the handbook on the intranet site.
- b. The Employee Handbook will be reviewed for any necessary updates and printed with updates and the acknowledgement form.

Action Plan Owner / Due Date

- a. Laura Kelley / October 31, 2011
- b. Manager of Human Resources / June 30, 2012

Recruiting and Hiring

Training

Performance Evaluations

Personnel Records

Benefits administration

Performance, reward, and recognition

Employee terminations

Succession Planning

Detailed Findings

Finding #6 – Social Media Searches

Relative Priority: *Medium*

Observation

Leading practices suggest that when a company chooses to perform a social media search (Google, Facebook, etc.) on new applicants, HR should be the only department within the organization that performs the search. This is to prevent any type of discrimination that may occur based upon the information found about the candidate. The Authority’s HR department currently does not perform social media searches for applicants and has no policy around them, however department heads are sometimes performing searches on their own.

Recommendation

A policy should be implemented that restricts social media searches to the HR department for all applicants. All other departments should be prohibited from performing these searches.

Management Response

Concur

Management Action Plan

The Manager of Human Resources will prepare a procedure for the recruitment and hire of staff. The procedure will prohibit all employees, except the Manager of Human Resources from conducting social media searches of applicants.

Action Plan Owner / Due Date

Manager of Human Resources / June 30, 2012

Recruiting and Hiring

Training

Performance Evaluations

Personnel Records

Benefits administration

Performance, reward, and recognition

Employee terminations

Succession Planning

Detailed Findings

Finding #7 – Job Description Updates

Relative Priority: *Low*

Observation

The Manager of HR and the applicable department head periodically update employee job descriptions. In addition, employee job descriptions are reviewed prior to advertising a vacant position. Leading practices suggest that job descriptions should also be reviewed and updated annually as part of the performance appraisal process, to capture new duties the employee engages in and remove duties that are no longer applicable to the position.

Recommendation

The Authority should continue to update employee job descriptions when hiring for a position, but also should start reviewing and updating job descriptions annually as part of the performance appraisal process. In addition, HR should review and sign the job descriptions to control the risk of inappropriate job description changes that could lead to a pay increase request.

Management Response

Concur

Management Action Plan

The Authority will continue to update employee job descriptions when hiring for a position, but will also start reviewing and updating job descriptions annually as part of the performance appraisal process. HR will review and sign the updated job descriptions.

Action Plan Owner / Due Date

Agnes Flagler / November 30, 2011

Recruiting and Hiring

Training

Performance Evaluations

Personnel Records

Benefits administration

Performance, reward, and recognition

Employee terminations

Succession Planning

Detailed Findings

Finding #8 – Control Documentation

Relative Priority: *Low*

Observation

The Authority has controls in place to ensure that the key HR processes are reviewed. However, it was noted that there is a lack of documentation evidencing the performance of these controls. The following observations were noted:

1. New job announcements are created by the Manager of HR and reviewed by the Department Head. Of the 3 job announcements reviewed, no signature or other documentation evidencing review by the Department Head could be found.
2. During the hiring process, the selection of a candidate is performed by the Department Head and /or committee. Of the 3 new employees tested, no documentation could be produced to justify why one candidate was selected over another.

Recommendation

Leading practices suggests that documentation evidence of controls that are being performed should be created and maintained for the following:

1. New job announcements should be signed and dated by the department head as evidence of their review.
2. A formal document should be created and used to capture candidate information during the interview process. This documentation should be kept in the employee file.

Management Response

Concur

Recruiting and Hiring

Training

Performance Evaluations

Personnel Records

Benefits administration

Performance, reward, and recognition

Employee terminations

Succession Planning

Detailed Findings

Finding #8 – Control Documentation – (continued)

Recruiting and Hiring

Training

Performance Evaluations

Personnel Records

Benefits administration

Performance, reward, and recognition

Employee terminations

Succession Planning

Management Action Plan

1. New job announcements will be signed and dated by the department head as evidence of their review.
2. A formal document will be created and used to capture candidate information during the interview process. This documentation will be retained in a recruitment file.

Action Plan Owner / Due Date

1. Completed
2. Completed

Detailed Findings

Finding #9 – Injury and Illness Prevention Program (IIPP)

Relative Priority: *Low*

Observation

Injury and Illness Prevention Programs (IIPP) are universal interventions that can substantially reduce the number and severity of workplace injuries and alleviate the associated financial burdens on U.S. workplaces. Although not required, best practices suggest that a documented IIPP should be in place to ensure worker safety and health protection. Currently, OOCEA does not have a documented IIPP in place.

Recommendation

Thirty-four states have implemented IIPP for worker safety and health protection. Florida is not one of those states. However, as a best practice, the Authority should consider developing an IIPP to include the following elements: management leadership, worker participation, hazard identification, hazard prevention and control, education and training, and program evaluation and improvement.

Management Response

Concur

Management Action Plan

The Authority will develop IIPP that includes management leadership, worker participation, hazard identification, hazard prevention and control, education and training, and program evaluation and improvement.

Action Plan Owner / Due Date

Manager of Human Resources / December 31, 2012

Recruiting and Hiring

Training

Performance Evaluations

Personnel Records

Benefits administration

Performance, reward, and recognition

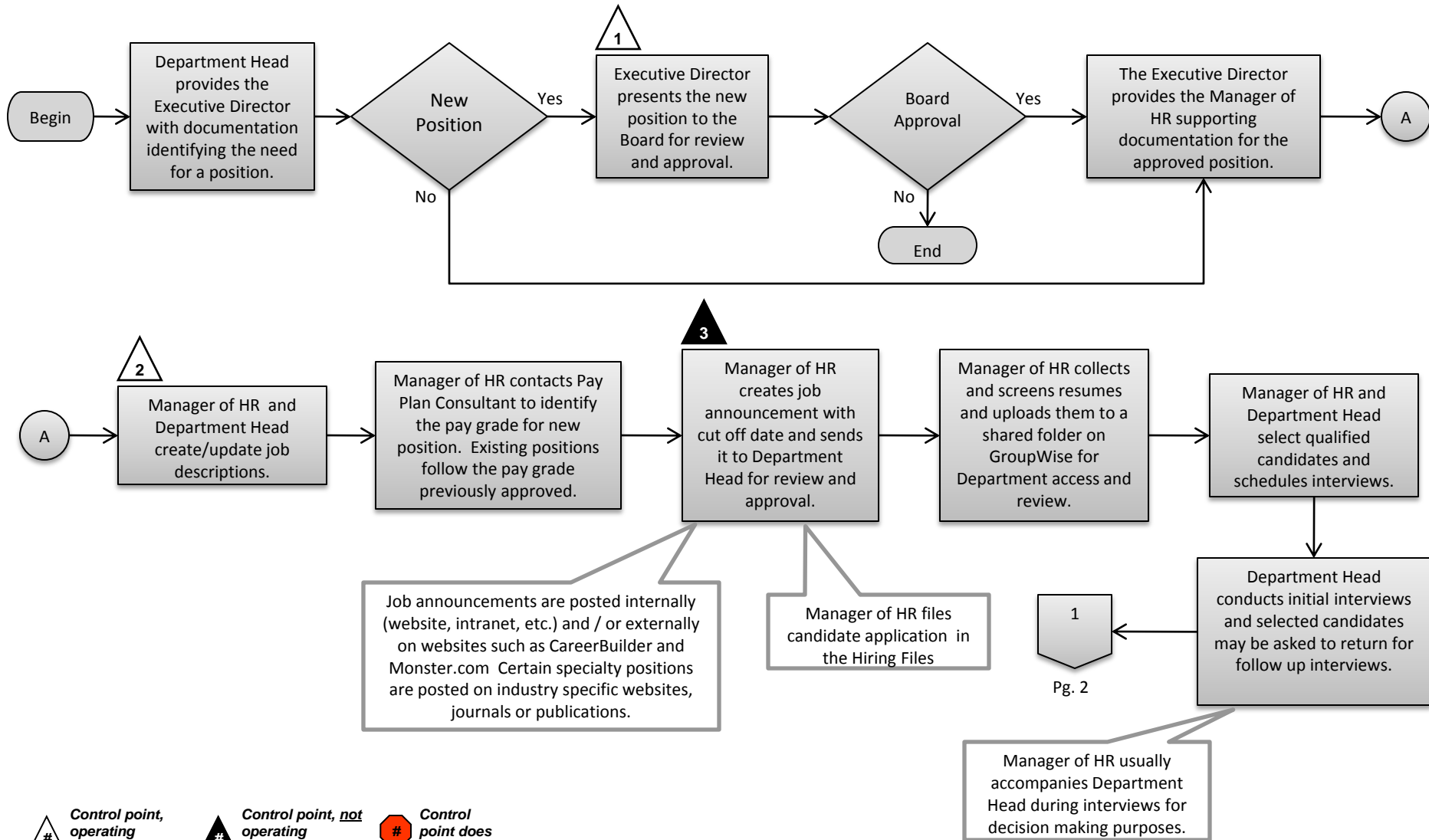
Employee terminations

Succession Planning

Appendix A

HR Process Maps

Process Flow: Recruiting and Hiring



Control point, operating effectively

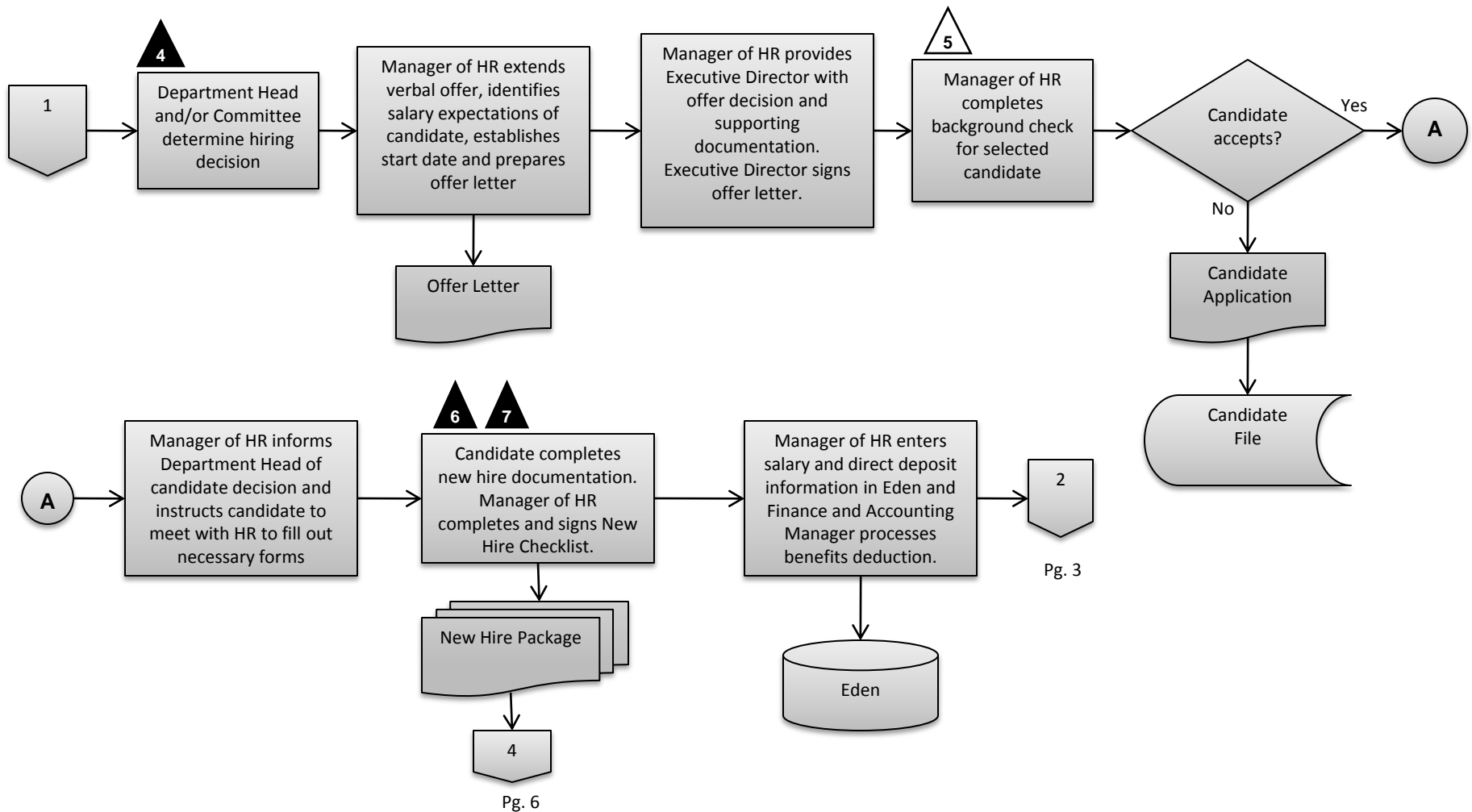


Control point, not operating effectively



Control point does not exist

Process Flow: Recruiting and Hiring (Continued)



Pg. 3

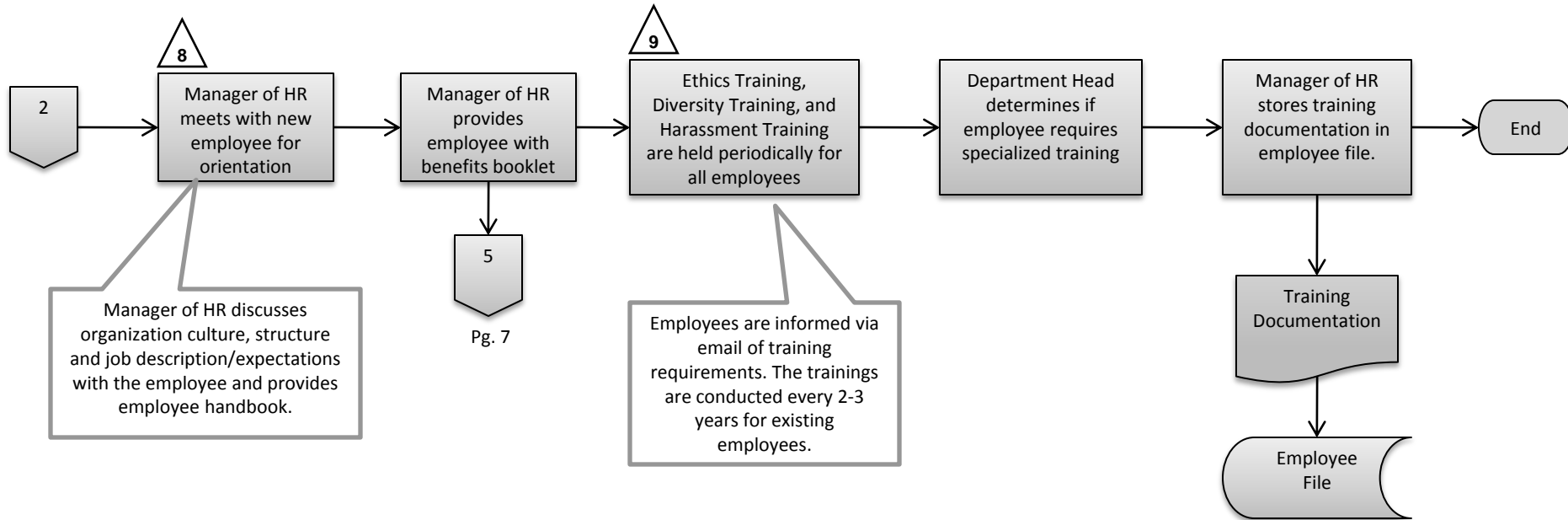
Pg. 6

Control point, operating effectively

Control point, not operating effectively

Control point does not exist

Process Flow: Training



Control point, operating effectively

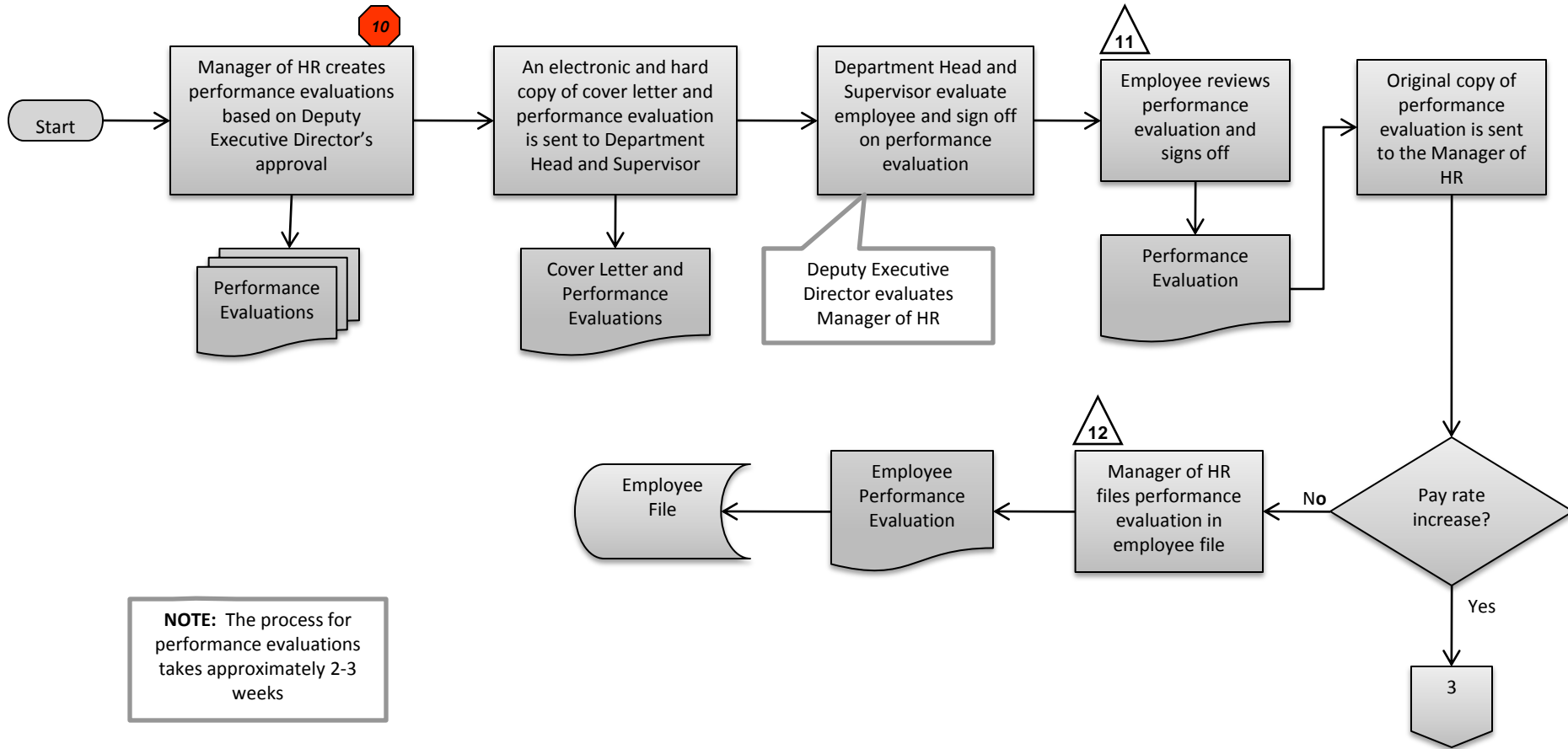


Control point, not operating effectively



Control point does not exist

Process Flow: Performance Evaluations



Control point, operating effectively

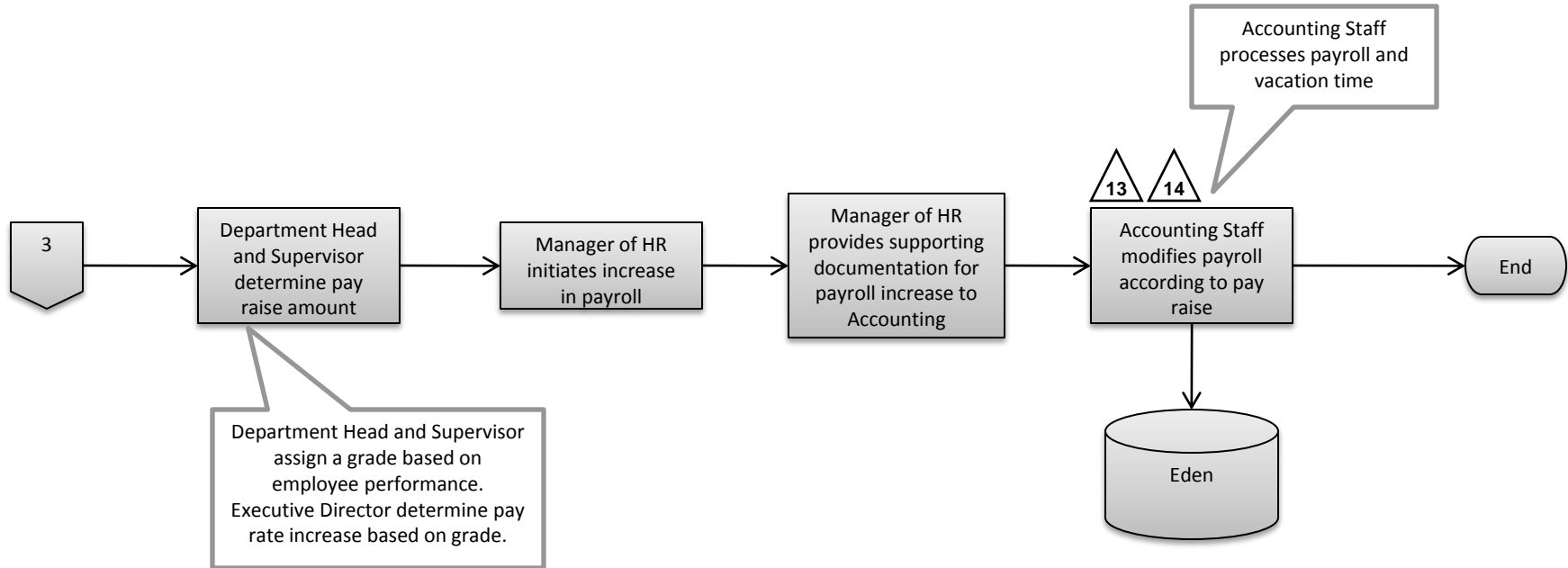


Control point, not operating effectively



Control point does not exist

Process Flow: Performance Evaluations (Pay Raise)



Control point, operating effectively

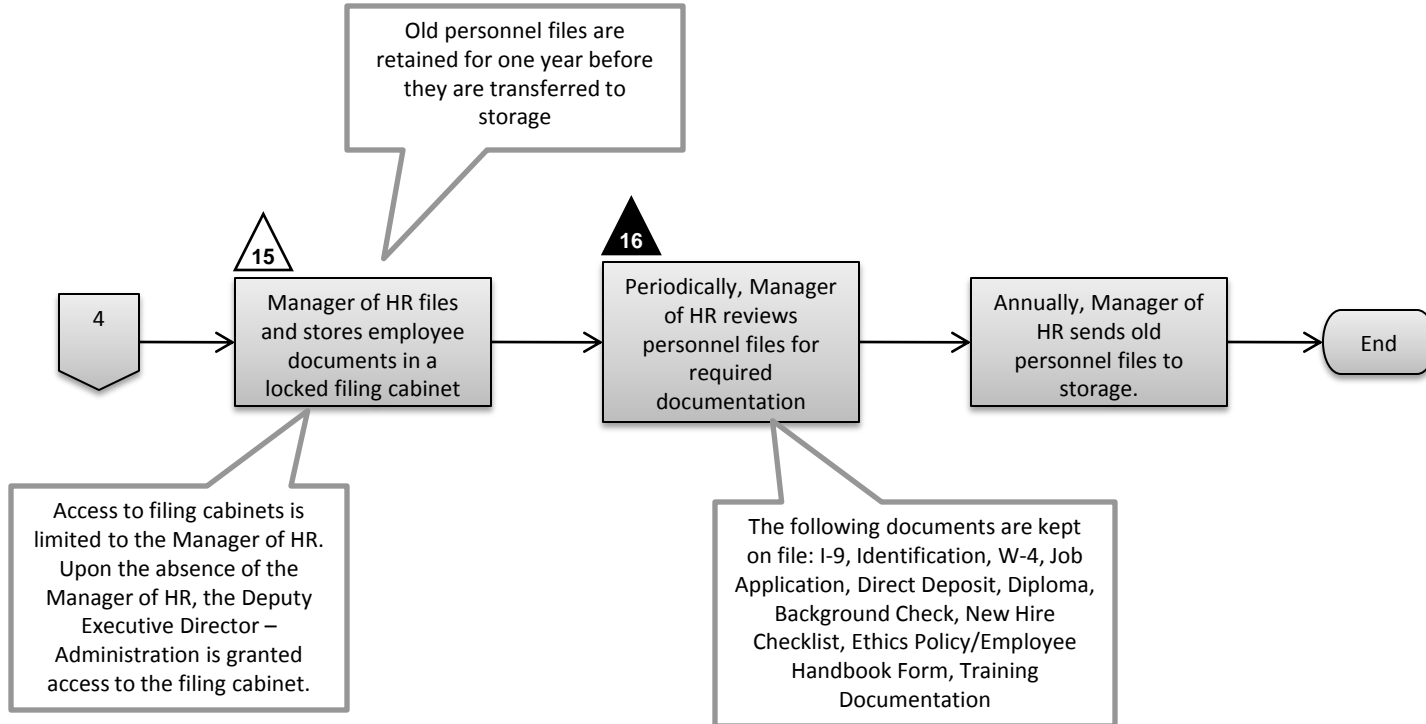


Control point, not operating effectively



Control point does not exist

Process Flow: Setup, Maintenance and Security of Personnel Records



Control point, operating effectively

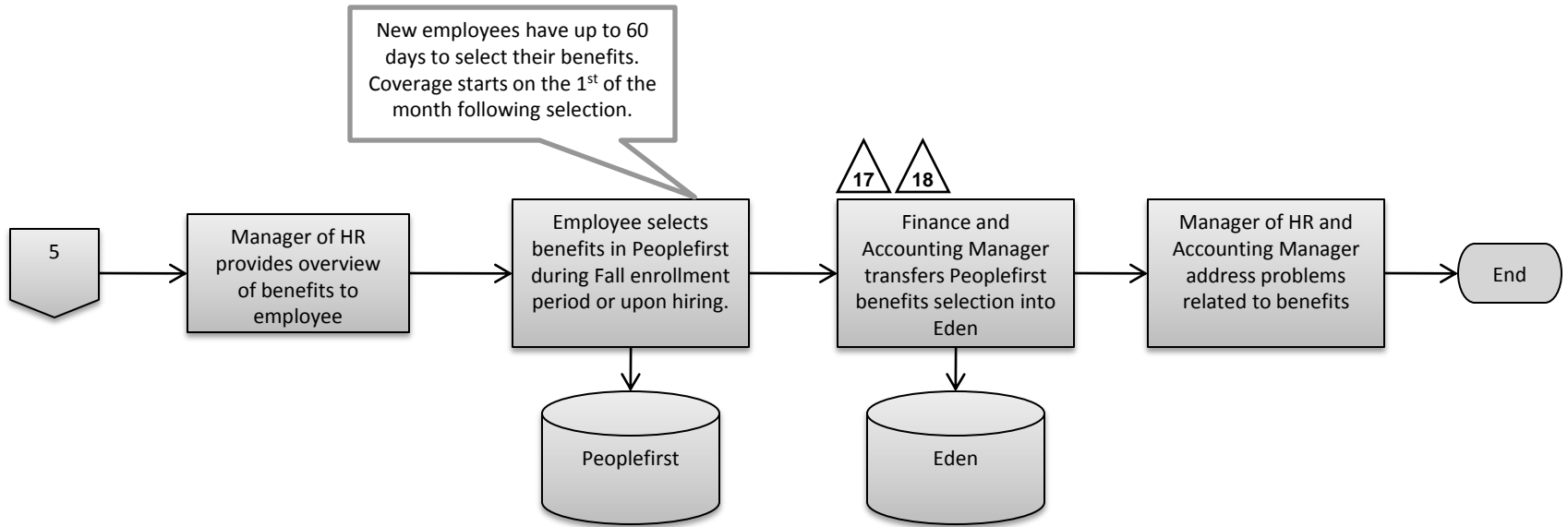


Control point, not operating effectively



Control point does not exist

Process Flow: Benefits Administration



Control point, operating effectively

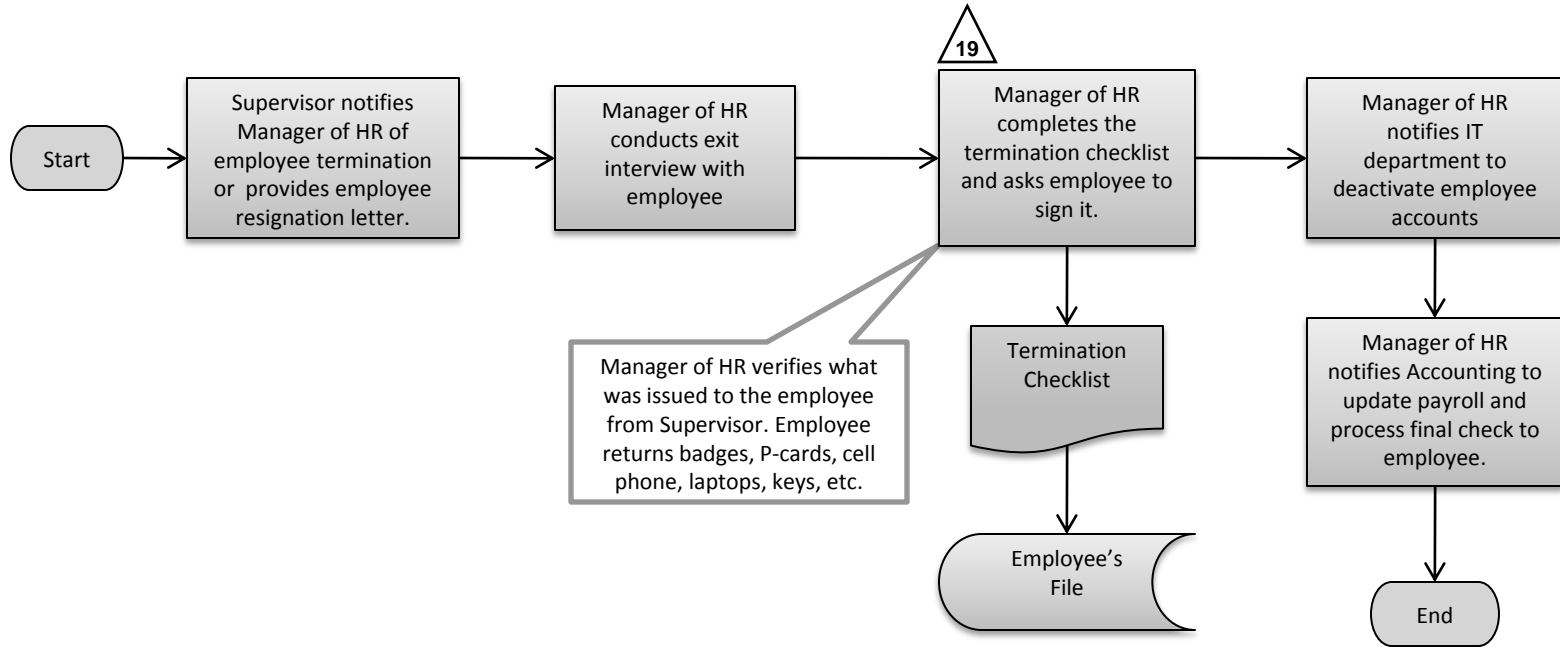


Control point, not operating effectively



Control point does not exist

Process Flow: Employee Termination



Control point, operating effectively



Control point, not operating effectively






Control point does not exist

Appendix B

HR Control Matrices

Control Matrix : Recruiting and Hiring

Control Number	Control Description	Testing Performed	Results / Recommendations	Evaluation of Controls
1	Board of Directors approves a department's request for a new position as evidenced per meeting minutes.	Internal Audit obtained a list of new positions approved, during the period from 1/1/2010 – 6/30/2011. The new positions were tested for Board approval as evidenced per Board Meeting Minutes.	During the testing period from 1/1/2010 – 6/30/2011 there were two new positions added to the organizations. All positions tested were approved by the Board as evidenced per meeting minutes.	 Highly Effective
2	Job descriptions exist for all positions within the organization.	Internal Audit obtained the job descriptions for all positions, during the period from 1/1/2010 – 6/30/2011. A sample of positions were inspected to determine if a job description was created.	During the testing period from 1/1/2010 – 6/30/2011 there were 10 positions selected for testing. All positions within the sample including new positions had updated job descriptions. Finding 7	 Adequate
3	Department Head reviews and approves job announcement prepared by the Manager of HR.	Internal Audit obtained a sample of job announcements posted, during the period from 1/1/2010 – 6/30/2011. The job announcements were inspected for Department Head approval as evidenced per signature.	During the testing period from 1/1/2010 – 6/30/2011 there were 10 job announcements. Three announcements were selected for testing and no documentation was found to evidence Department Head approval. Finding 8	 Adequate

Control point, operating effectively









Control point, not operating effectively

Control point does not exist


NE = Not Effective
A = Adequate
HE = Highly Effective

NE A HE
↓ ↓ ↓
1 2 3 4 5

Control Matrix : Recruiting and Hiring

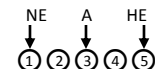
Control Number	Control Description	Testing Performed	Results / Recommendations	Evaluation of Controls
	Hiring decisions are made by the Department Head and/or Committee.	Internal Audit obtained a list of employees hired, during the period 1/1/2010 - 6/30/2011.	<i>During the testing period from 1/1/2010 - 6/30/2011 there was no documentation evidencing the decision making process. Finding 8</i>	 Adequate
	Background check is completed for new employees and maintained in the employee file.	Internal Audit obtained a sample of personnel files, during the period 1/1/2010 - 6/30/2011. The personnel files were inspected for background check documentation.	During the testing period from 1/1/2010 - 6/30/2011 there were background checks for employees as evidenced per confirmation documentation located in employee's file.	 Highly Effective
	All new hire documentation (I-9, Identification, W-4, Job Application, Direct Deposit, Diploma, Background Check, New Hire Checklist, Ethics Policy/Employee Handbook Form, Training Documentation) is completed by new employee and maintained in the employee file.	Internal Audit obtained a sample of 15 personnel files, during the testing period of 1/1/2010 - 6/30/2011. The personnel folder were inspected for a New Hire Checklist completed by the Manager of HR.	<i>During the testing period from 1/1/2010 - 6/30/2011 there were employees who had incomplete personnel files. Key documents were not obtained upon hire. Finding 4</i>	 Not Effective
	Manager of HR completes New Hire Checklist on the hiring date of new employee.	Internal Audit obtained a sample of 15 personnel files, during the testing period of 1/1/2010 - 6/30/2011. The personnel folders were inspected for a New Hire Checklist completed by the Manager of HR.	<i>During the testing period from 1/1/2010 - 6/30/2011 a New Hire Checklist was completed on the hiring date of new employee. However, all documentation was not filed. Finding 4</i>	 Not Effective

 Control point, operating effectively





 Control point, not operating effectively

 Control point does not exist

NE = Not Effective
A = Adequate
HE = Highly Effective



Control Matrix : Training

Control Number	Control Description	Testing Performed	Results / Recommendations	Evaluation of Controls
 8	Employee Handbook is updated annually.	Internal Audit obtained a copy of the most recent Employee Handbook. The handbook was inspected to verify an update was made.	IA obtained the 2010/2011 version of the Employee Handbook from the Manager of HR. IA verified through inspection that the Employee Handbook was updated for 2010/2011, however the employee acknowledgement form had been removed from the handbook. Finding #5	 Adequate
 9	Ethics Training, Diversity Training, and Harassment Training are completed by all employees and documentation is maintained in the employee file.	Internal Audit obtained a checklist of the employees who completed Ethics Training, during the testing period of 1/1/2010 - 6/30/2011. A sample of employees were selected to verify completion of Ethics Training as evidenced per checklist.	During the testing period from 1/1/2010 - 6/30/2011 all employees with the exception of new hires completed Ethics Training. New employees will complete training during the next scheduled training.	 Highly Effective



Control point, operating effectively

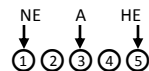


Control point, not operating effectively









Control point does not exist

NE = Not Effective
A = Adequate
HE = Highly Effective



Control Matrix : Performance Evaluations

Control Number	Control Description	Testing Performed	Results / Recommendations	Evaluation of Controls
	Performance Evaluations are done for all employees on an annual basis.	Performance evaluations could not be tested since they have not been conducted since June 2009	Performance evaluations should be conducted annually and maintained in employee file. Finding 2	 Not Effective
	Employees signs Performance Evaluation completed by Department Head and Supervisor as evidence of review.	Performance evaluations could not be tested since they have not been conducted since June 2009	Performance evaluations should be conducted annually and maintained in employee file.	 Effective
	Manager of HR maintains employee Performance Evaluation in employee file.	Performance evaluations could not be tested since they have not been conducted since June 2009	Performance evaluations should be conducted annually and maintained in employee file.	 Effective



Control point, operating effectively

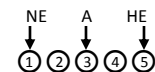


Control point, not operating effectively





Control point does not exist

NE = Not Effective
A = Adequate
HE = Highly Effective



Control Matrix : Performance Evaluations *(Pay Raise)*

Control Number	Control Description	Testing Performed	Results / Recommendations	Evaluation of Controls
13	Segregation of duties exists between the entering of new employee, the entering of wage/salary increases and approval of wage/salary increases.	Segregation of duties was tested as part of the 2011 Segregation of Duties review.	No exceptions noted	 Highly Effective
14	Manager of HR reviews payroll for changes in contributions, direct deposit information, etc.	Internal Audit obtained a sample of 5 payrolls processed during the testing period of 1/1/2010 - 6/30/2011. The payroll documentation was inspected for the Manager of HR's signature as evidence of review and approval.	During the testing period from 1/1/2010 - 6/30/2011, 4 out of 5 payrolls were signed by the Manager of HR. In her absence, her supervisor, Deputy Executive Director-Administration, signed on her behalf.	 Highly Effective



Control point, operating effectively

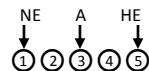


Control point, not operating effectively







Control point does not exist

NE = Not Effective
A = Adequate
HE = Highly Effective



Control Matrix : Setup, Maintenance and Security of Personnel Records

Control Number	Control Description	Testing Performed	Results / Recommendations	Evaluation of Controls
 15	Access to filing cabinets is limited to the Manager of HR. Upon the absence of the Manager of HR, the Deputy Executive Director – Administration is granted access to the filing cabinet.	Internal Audit observed the security and accessibility of the personnel files. The Manager of HR and Deputy Executive Director - Administration were observed to verify the location of filing cabinet key.	IA verified through observation that the Manager of HR manually locks the personnel files cabinet and stores the key in her purse. IA verified through observation that the Deputy Executive Director-Administration secures personnel file cabinet key in a locked drawer in her desk. IA verified through inquiry that key access to personnel files are limited to Manager of HR and Deputy Executive Director-Administration.	 Highly Effective
 16	At least annually, all personnel files are reviewed to ensure appropriate documentation is filed.	Internal Audit obtained a sample of personnel files, during the period 1/1/2010 - 6/30/2011. The files were inspected for documentation evidencing the Manager of HR's review.	<i>During the testing period from 1/1/2010 - 6/30/2011 the Manager of HR did not document review of the personnel files. Finding 4</i>	 Not Effective



Control point, operating effectively

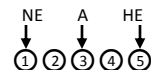


Control point, not operating effectively





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Control Matrix : Benefits Administration

Control Number	Control Description	Testing Performed	Results / Recommendations	Evaluation of Controls
17	Finance and Accounting Manager transfers employee benefits selection from Peoplefirst and Lincoln Financial to Eden. Manager of HR resolves errors with employees.	Internal Audit obtained a sample of benefit selections from Peoplefirst and Lincoln Financial Group, during the period 1/1/2010 - 6/30/2011. The selected benefits were compared to payroll processed through Eden.	During the testing period from 1/1/2010 - 6/30/2011 all benefits selected by employees were accurately entered into Eden. Any changes requested by an employee was documented by the Manager of HR in the employee file.	 Highly Effective
18	Finance Staff reviews payroll deductions for accuracy.	Internal Audit obtained a sample of 5 payrolls processed during the testing period of 1/1/2010 - 6/30/2011. The payroll documentation was inspected for Finance Staff's signature as evidence of review and approval.	During the testing period from 1/1/2010 - 6/30/2011, 4 out of 5 payrolls were signed by the Asst. Finance & Accounting Manager. In his absence the Finance & Accounting Manager, signed on his behalf.	 Highly Effective



Control point, operating effectively

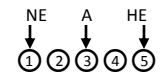


Control point, not operating effectively





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Control Matrix : Employee Termination

Control Number	Control Description	Testing Performed	Results / Recommendations	Evaluation of Controls
 19	Manager of HR completes Termination Checklist on the last day of employment and requests employee signature.	Internal Audit obtained a sample of 2 terminations, during the testing period of 1/1/2010 - 6/30/2011. The terminated employee's personnel file was inspected for a completed Termination Checklist.	During the testing period from 1/1/2010 - 6/30/2011, there were four terminations. All terminations tested had a Termination Checklist that was completed by the Manager of HR on the last day of employment.	 Highly Effective



Control point, operating effectively

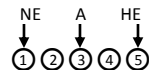


Control point, not operating effectively





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Control Matrix : General Controls

Control Number	Control Description	Testing Performed	Results / Recommendations	Evaluation of Controls
 20	Policies and procedures should exist for relevant HR processes.	No desktop procedures exist for the HR process.	Desktop procedures should be established to demonstrate the organizations commitment in relation to regulation and corporate governance. Finding 1	 Not Effective



Control point, operating effectively

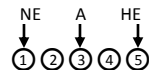


Control point, not operating effectively



Control point does not exist

NE = Not Effective
A = Adequate
HE = Highly Effective



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Proven Delivery.®*