



CITY AUDITOR'S OFFICE

Human Resources Compliance Programs

June 9, 2016

AUDIT REPORT NO. 1606

CITY COUNCIL

Mayor W.J. "Jim" Lane
Suzanne Klapp
Virginia Korte
Vice Mayor Kathy Littlefield
Linda Milhaven
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June 9, 2016

Honorable Mayor and Members of the City Council:

Enclosed is the audit report for *Human Resources Compliance Programs*, which was requested by the Human Resources Director and included on the Council-approved FY 2015/16 Audit Plan. We evaluated compliance with key processes of the City's pre-employment screening and commercial driver's license (CDL) programs. These processes included pre-employment background checks, drug screening and driving record reviews, along with CDL drug and alcohol screening, license and training requirements.

Our audit found that further clarity is needed in the City's pre-employment screening requirements and additional improvements are needed in CDL program compliance. Also, comprehensive policies, procedures and records management could better ensure compliance with these requirements.

If you need additional information or have any questions, please contact me at (480) 312-7867.

Sincerely,

A handwritten signature in blue ink that reads "Sharron Walker".

Sharron E. Walker, CPA, CFE, CLEA
City Auditor

Audit Team:

Cathleen Davis, CIA - Senior Auditor

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AUDIT HIGHLIGHTS

Human Resources Compliance Programs

June 9, 2016

Audit Report No. 1606

WHY WE DID THIS AUDIT

Requested by the Human Resources Director, this audit was included on the Council-approved FY 2015/16 Audit Plan to evaluate compliance with the City's pre-employment screening and driver's license programs.

BACKGROUND

The Human Resources Department provides recruiting, hiring, classification/compensation, benefits and other employee-related services. The Staffing Services section administers the recruitment and selection process.

Pre-employment screenings include fingerprinting for background checks, coordinating any required physical exams and drug screenings, and obtaining driving records. Since FY 2012/13, Human Resources staff has screened an average of 499 employees each fiscal year.

Employees in certain positions, such as solid waste equipment operators, must obtain and maintain a valid commercial driver's license (CDL). For these, the City and CDL-holders are subject to Federal Motor Carrier Safety Administration (FMCSA) regulations and state of Arizona requirements.

City Auditor's Office

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WHAT WE FOUND

- Further improvements are needed in CDL program compliance.**
 - Reports used to monitor CDL requirements are not complete or accurate.
 - FMCSA-required educational material is not provided and FMCSA-required supervisory training is not always completed.
 - Some employees in CDL-positions were not subject to the FMCSA-required drug screening prior to performing safety sensitive duties.
- Further clarity is needed in the City's pre-employment screening program requirements.**
 - Discrepancies exist between job descriptions, staff actually employed in certain positions and the department's pre-employment requirement matrix.
 - Pre-employment screenings required for temporary agency contract workers and contract instructors are not clearly defined and results are not verified.
 - Credit check requirements differ for similar positions.
- Comprehensive policies, procedures and records management could better ensure compliance with the CDL and pre-employment screening programs.**
 - Both the CDL and pre-employment screening programs lack written policy and procedures to facilitate compliance with program requirements.
 - Access controls for the background check software and email security can be improved.
 - A centralized database has not been developed and standard operating procedures are not available for the Citywide Volunteer Program.
 - Some records do not appear to be appropriately retained and some record series are not included on the department's Records Inventory.

WHAT WE RECOMMEND

We recommend the Human Resources Department:

- Ensure compliance with FMCSA and state CDL requirements.
- Develop comprehensive policies and procedures, including criteria for pre-employment screening requirements.
- Ensure reports, job descriptions and related documents are complete and up-to-date.
- Develop written guidance for access to the background screening software and ensure email accounts contain appropriate security features.
- Implement quality control procedures over record retention.

MANAGEMENT RESPONSE

The Department agreed with the audit recommendations and expects to have all recommendations implemented by May 2017.

BACKGROUND

The audit of *Human Resources Compliance Programs* was requested by the Human Resources Director to evaluate her department's compliance with the City's pre-employment screening and commercial driver's license programs. The Human Resources (HR) Department provides recruiting, hiring, classification/compensation, benefits and other employee-related services. Within HR, the Staffing Services section administers the recruitment and selection process.

Pre-Employment Screening Program

HR is responsible for ensuring applicable job-specific and general pre-employment screening occurs as provided by Administrative Regulation (AR) 365 *Recruitment and Selection*. This includes fingerprinting for background checks, coordinating any required physical exams and drug screenings, and obtaining driving records. The required information is to be received and processed in accordance with all legal requirements prior to the start date of a new, rehired or promoted employee.

Background Check is defined as the process of acquiring records regarding a candidate's past that is used to determine suitability for selection.

AR 365 - *Recruitment and Selection*

As shown in Table 1, since FY 2012/13, HR staff has performed pre-employment screening for an average of 499 employees during each fiscal year.

Table 1. New, Rehired and Other Employee Screenings, FYs 2012/13 to 2015/16*

Fiscal Year	New & Re-Hire	Promotions & Voluntary Demotions	Total
2012/13	254	248	502
2013/14	226	164	390
2014/15	394	172	556
2015/16*	310	137	447
Average	312	187	499

* FY 2015/16 data is through April 30, 2016.

SOURCE: HR Systems Integrator provided data.

As summarized in Table 2 on page 4, Arizona Revised Statute (A.R.S.) § 41-1750 and Scottsdale Revised Code (SRC) gives authority to the Human Resources Director, or designee, to submit fingerprints to and receive criminal history information from the Arizona Department of Public Safety for prospective employees, current employees, contract workers, interns and volunteers. Other screenings may include drug and alcohol screenings, background screenings, and motor vehicle reports, among others.

Table 2. Scottsdale Revised Code, Chapter 14 - Human Resources Management

Sec. 14-41(i). - Recruitment, selection and examination.

Initial city employment, and promotions or transfers to certain job classifications, as designated by the city manager, will be subject to background checks, and may be subject to drug and alcohol screening. Unless otherwise provided by law, those individuals who are found to have significant adverse background information that may impact their ability to safely perform the essential functions of the job classification or who test positive for drugs or alcohol that may impact their ability to safely perform the essential functions of the job classification, shall not be hired, promoted or transferred, as applicable. Any findings or results may constitute the basis of possible disciplinary action.

Sec. 14-44(a-b). - Authority to receive criminal record information.

The general manager, human resources director, or designee, is authorized to request and receive criminal history information from the Arizona Department of Public Safety, as provided in A.R.S. § 41-1750, for the purpose of evaluating the fitness of any and all prospective employees, current employees, contract employees, interns and city volunteers.

All prospective city employees 18 years of age and older will submit a full set of fingerprints to the city for the purpose of obtaining a state and federal criminal records check pursuant to A.R.S § 41-1750 and Public Law 92-544 and will provide their Social Security Number and other relevant information for purposes of an additional background check. When requested, current city employees will also submit a full set of fingerprints for the purpose of obtaining a state and federal criminal records check pursuant to A.R.S. § 41-1750 and Public Law 92-544. All City contract workers, paid interns and volunteers will provide their Social Security number and other relevant information for the purposes of a background check. Contract employees, unpaid interns and volunteers who must be fingerprinted as a result of a city, state or federal law, rule or regulation or as a result of a formal agreement the city has entered into will also be required to submit a full set of fingerprints for the purposes of obtaining a state and federal criminal records background check pursuant to A.R.S. § 41-1750 and Public Law 92-544. The Arizona Department of Public Safety is authorized to exchange fingerprint data with the Federal Bureau of Investigation.

SOURCE: Excerpts from Scottsdale Revised Code (Ord. No. 4205, § 1(Res. No. 10128, § 1), 6-2-15 and Ord. No. 4218, § 1, 7-1-15)

Prospective employees are required to submit fingerprints and identifying information for a background screening. Drug screenings are required for prospective employees in safety sensitive positions and motor vehicle records are required for prospective employees in driving essential positions. Based on the job, other pre-employment screenings may include physical exams, confirmation of degrees or certificates and credit checks among others.

Contract workers, interns, volunteers and current employees seeking a promotion or voluntary demotion may also be subject to applicable background checks.

Commercial Driver's License Program

HR Staffing Services, along with Risk Management, is also responsible for overseeing the City's commercial driver's license (CDL) program. Certain positions, such as solid waste equipment operators and water services workers, require that the employee obtain and maintain a valid CDL as a condition of employment. Based upon the state Motor Vehicles Division handbook, a CDL is required to operate¹:

- Any single vehicle with a gross vehicle weight rating (GVWR) of 26,001 pounds or more.
- A combination vehicle with a gross combined weight rating (GCWR) of 26,001 or more pounds, if the trailer(s) has a GVWR of 10,001 or more pounds.
- A vehicle designed to transport 16 or more passengers (including the driver).
- Any size vehicle which requires hazardous material placards or is carrying a material listed as a select agent or toxin in 42 CFR Part 73. Federal regulations require a background records check and fingerprinting through the Department of Homeland Security when applying for the Hazardous Materials endorsement.

Further, the Federal Motor Carrier Safety Administration (FMCSA) regulations require the City to conduct random, unannounced controlled substance and alcohol tests of its CDL employees.

¹ ADOT Motor Vehicle Division Arizona Commercial Driver License Manual, Revised October 2015

OBJECTIVES, SCOPE, AND METHODOLOGY

An audit of *Human Resources Compliance Programs* was included on the City Council-approved fiscal year (FY) 2015/16 Audit Plan. The audit objective was to evaluate compliance with the City's pre-employment screening and commercial driver's license (CDL) programs. For CDL requirements, we limited the scope of our review to pre-employment and promotion requirements, random drug and alcohol screenings and supervisor training.

To gain an understanding of the City's pre-employment screenings and CDL requirements, we interviewed Human Resources and Risk Management staff. Also, we reviewed:

- Human Resources related draft policies and procedures.
- Administrative Regulations (AR) including AR 365 *Recruitment and Selection*, AR 323 *Commercial Driver's License* and AR 308 *Citywide Volunteer Program*, among others.
- City contract no. 15RP003 with Shield Screening, LLC for Software as a Service (SaaS) background screening services.

To gain an understanding of authoritative laws and policies, we reviewed:

- Relevant Federal laws including the Code of Federal Regulations (CFR) Title 49 Subtitle B Chapter III Subchapter B Part 382 *Controlled Substances and Alcohol Use and Testing* and the U.S. Department of Transportation (DOT) Rule 49 CFR Part 40 *Procedures for Transportation Workplace Drug and Alcohol Testing Programs*, among others.
- Related Arizona Revised Statutes including relevant areas of §41-1750 *Central state repository; department of public safety; duties; funds; accounts; definitions*.
- Sections of Scottsdale Revised Code Chapter 14 - Human Resources Management, including §14-41 *Recruitment, selection and examination*, §14-44 *Authority to receive criminal information* and §14-72 *Grounds for discipline; dismissal*.
- A related audit report recently completed by other auditors.

To evaluate compliance with pre-employment screenings, we reviewed a random sample of new hires, rehires, promotions and voluntary demotions from May 1, 2014 to April 30, 2016, to verify whether the following screenings were obtained:

- Background screenings for criminal history through the Department of Public Safety and the City's contract vendor, Shield Screening LLC;
- Drug screenings for safety sensitive positions; and
- Motor vehicle records for driving essential positions.

We also reviewed system access to the background screening software available through the City's contract with Shield Screening, LLC and to HR's section of the document management system where related sensitive information is retained.

We reviewed the background screening processes for volunteers, temporary agency contract workers and contract instructors. However, we did not test compliance due to the lack of centralized information to assure that all applicable individuals were identified.

To evaluate compliance with the CDL program, we:

- Tested the completeness and accuracy of CDL identified employees in TotalHR[®], the City's human resources and payroll software, by comparing to those identified in job descriptions and a recent matrix developed by HR with department/division assistance.
- Tested a random sample of CDL position hires or rehires from May 1, 2014, to April 30, 2016, to determine if the required DOT 5-panel drug test, medical certificates and motor vehicle records were obtained.
- Assessed compliance with the Federal Motor Carrier Safety Administration (FMCSA)-required random drug and alcohol screenings.
- Assessed compliance with the FMCSA-required supervisor training and distribution of educational materials.

Our audit found that further improvements are needed in CDL program compliance and further clarity is needed in the requirements of the City's pre-employment screening program. Further, comprehensive policies, procedures and records management could better ensure compliance with the CDL and pre-employment screening programs.

We conducted this audit in accordance with generally accepted government auditing standards as required by Article III, Scottsdale Revised Code §2-117 et seq. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Audit work took place from April to May 2016.

FINDINGS AND ANALYSIS

1. Further improvements are needed in commercial driver's license (CDL) program compliance.

While recently hired Human Resources staff has been working to learn the applicable requirements and develop consistent procedures, the following improvements can be made:

- A. Reports used to monitor CDL status, medical certificate expiration dates and Federal Motor Carrier Safety Administration (FMCSA) random alcohol and controlled substance testing are not complete or accurate.

Thirty-eight positions identified in other documents as CDL-required positions were not included on the report generated in April 2016. For example, in reviewing positions identified through job descriptions as requiring a CDL, we determined that a Water Services Worker IV's CDL expired in February 2016. However, the employee in this position was not included on the report, which is also used by Risk Management staff to monitor expiration dates. After auditors determined the license had expired, Human Resources staff notified the department staff, who obtained an updated CDL in May 2016.

Additionally, nine positions were included on the report although the related job descriptions did not identify them as requiring a CDL.

Similarly, the 38 positions not included in the report were not subject to random alcohol and controlled substance testing and the nine staff not in a CDL-position were unnecessarily included in the population for testing. When the report does not include all CDL positions, the City may not test the minimum required number of CDL holders and some CDL holders are not subjected to testing.

- B. The FMCSA-required educational material is not provided to CDL-holders and FMCSA-required supervisory training is not always completed.

- 1. Educational materials required by FMCSA are not provided to City CDL-holders. FMCSA 49 CFR Part §382.601 states that each employer shall:

- a. Provide educational materials that explain the regulatory requirements and the employer's policies and procedures for meeting them. These requirements include information on the misuse and use of controlled substances, alcohol and controlled substances testing requirements and consequences for violating FMCSA restrictions among others.
 - b. Ensure that each driver signs a statement certifying that he or she has received a copy of these materials.

Responsibility for developing and distributing educational materials as required by the FMCSA has not been assigned and both Human Resources and Risk Management stated they were not responsible for this task. As a result, information regarding the misuse of alcohol and use of controlled substances is not being communicated to City CDL-holders as required.

2. Some supervisors of CDL-positions have not taken training required by FMCSA. Risk Management contracts with a vendor for the supervisor training required by FMCSA 49 CFR Part §382.603 and Administrative Regulation (AR) 323 *Commercial Driver's License*. This computer-based training provides 60 minutes of instruction on identifying alcohol misuse and 60 minutes on controlled substances use. As of April 2016, four of the 36 supervisors of CDL-positions (or 11%) had not completed the required training.

This occurred because the list of CDL supervisors was incomplete. Once notified, Risk Management staff contacted the 4 supervisors to require them to complete the required training. There is not a formal process in place to identify supervisors of CDL-positions. Rather, Risk Management depends on Human Resources and department management to identify when a new CDL supervisor is hired.

As a result, CDL supervisors may not be timely trained on the signs of probable alcohol misuse and controlled substances use and how to determine, document and report reasonable suspicion.

- C. Some employees in CDL-positions were not subject to the FMCSA-required 5-panel drug screening prior to performing their safety sensitive duties. In the selected samples for 21 CDL positions, auditors identified 14 instances in which either no drug screening results were available or a different type of screening was obtained. Human Resources staff is working to identify all CDL holders who did not receive the 5-panel drug screening and evaluate how to resolve this issue.

Recommendations:

The Human Resources Director should:

- A. Ensure the applicable report contains complete and accurate information to:
 1. Monitor CDL and medical certificate expiration dates and renewals.
 2. Identify employees subject to FMCSA-required random alcohol and controlled substance testing.
- B. Collaborate with Risk Management to determine responsibilities related to the FMCSA-required educational materials and supervisory training and the responsible department should:
 1. Ensure educational materials are provided to each CDL driver and a signed certificate of receipt is obtained and maintained.
 2. Develop an automated report to identify supervisors of CDL-positions using the human resources information system. Also, periodically review this report to ensure it is complete and up-to-date.
- C. Ensure employees in CDL-required positions receive the required drug screening prior to performing their safety sensitive duties.

2. Further clarity is needed in requirements of the City's pre-employment screening program.

Some aspects of the pre-employment screening program can be clarified to assist Human Resources and staff in relevant departments to ensure proper screenings are conducted. While recently hired Human Resources staff has been working to learn the applicable

requirements and develop consistent procedures, the following improvements can be made:

- A. Human Resources staff has developed a matrix to track pre-employment screening requirements for each job code and title. These requirements may include physical exams, proof of having a CDL, driving record and credit check among others. However, there were discrepancies between the matrix and job descriptions and between the matrix and qualifications of staff actually employed in certain positions.

For example, according to the matrix, there are 34 CDL-positions in the City. However, based upon reviewing job descriptions for 16 of the 34 positions and consulting with Human Resources staff, five positions designated as CDL-required in the matrix did not have a CDL-requirement in the job description. For another four positions, the job descriptions stated that a CDL *may be* required or is required only in certain departments.

- B. Human Resources staff does not verify pre-employment screenings requested from a third-party temporary employment agency were completed.

The City contracts with a third-party temporary employment agency for short-term staffing needs. The Contract Administrator (CA) stated she requests background screenings and drug testing to be completed for all temporary agency contract workers and a motor vehicle record to be obtained if the job description notes driving duties.

However, the City currently only requires drug testing or motor vehicle records for regular positions that have been designated as safety sensitive or driving essential. Therefore, the requirements are not being applied consistently. Although the contract allows the City to require additional screenings, written policy or guidance has not been established determining when or which type of screenings are necessary for temporary agency contract workers.

Further, when the CA requests these screenings, the employment agency is not required to provide the actual results. Instead the agency indicates the screening has been successfully completed. Since the actual results are not received, the City has no assurance that the screening was actually conducted or that the results were appropriate for the position to be filled.

- C. Since oversight of contract instructors' screenings was not centralized, it is difficult to ensure that appropriate background screenings are performed. Also, requirements related background checks for contract instructors are not clear.

Besides temporary agency contract workers, City departments may also use contract instructors. Human Resources and other department staff stated it has been the practice to obtain fingerprints for contract instructors working alone with youth and potentially vulnerable populations. However, written procedures have not been established to provide direction on which contract instructors are subject to background checks, what background checks are required and the frequency of background checks.

Lack of written guidance will result in inconsistent application of the stated policy. For example, at one Parks and Recreation location, a "Contracted Instructor Policies" checklist requires all contract instructors to acknowledge they will be fingerprinted. This statement does not appear consistent with current City practice.

D. Credit checks differ for similar positions.

As of May 2016, ten positions require a credit check as part of the positions' pre-employment screening according to Human Resources staff. These positions include the Accounting and Budget directors and the Claims Adjustor.

However, positions at similar levels, such as the Finance Director, Business Services Director, Risk Management Director, Financial Services Technology Director and Purchasing Director do not require credit checks. Also, the job descriptions for these ten positions do not state a credit check is required. Written policy or guidance has not been established to ensure consistency in requiring credit checks.

Recommendations:

The Human Resources Director should:

- A. Ensure job descriptions and the related documents are accurate and up to date.
- B. Develop criteria for requesting pre-employment screenings of temporary agency contract workers. If pre-employment screenings are requested, require the results to be provided for assurance the placement is appropriate.
- C. Develop criteria and provide guidance for requesting pre-employment screenings of contract instructors to ensure consistency.
- D. Develop criteria for requesting pre-employment credit checks as well as the applicable policy and procedures to ensure consistency.

3. Comprehensive policies, procedures and records management could better ensure compliance with the CDL and pre-employment screening programs.

While the Human Resources Department staff generally complies with CDL and pre-employment screening requirements, City and department policies and procedures do not currently provide sufficient guidance to effectively manage the programs. This becomes more critical when there is turnover in the responsible positions as there has been in the Human Resources Department within the past year. As well, improvements in records management could help ensure records are appropriately retained.

- A. Both the CDL and the pre-employment programs lack comprehensive written policy and procedures to facilitate compliance with program requirements.
 - 1. Staff in the Human Resources and Risk Management departments does not have detailed written guidance on the specific requirements and procedures needed to effectively monitor the City's compliance with Federal regulations and State laws. For example, when the City hires new employees for safety sensitive positions, the Department of Transportation (DOT) Regulation 49 CFR Part 40 §40.25 requires the City to request information regarding drug and alcohol testing violations from any employers in the past two years subject to DOT regulations. However, until recently, Human Resources staff was not aware of this requirement nor requesting the information from prior employers. The Human Resources staff is working to update the related Administrative Regulation, AR 323 *Commercial Driver's License*, which had not been updated in more than 7 years.
 - 2. AR 365 *Recruitment and Selection* states that the Human Resources Department is "responsible for ensuring all job-specific and applicable pre-employment/post-job

offer background screening, fingerprinting, physical examinations, drug-screenings, driving records and employment information is received and processed in accordance with all legal requirements prior to the start date of a new, rehired or promoted employee.” However, staff in the Human Resources Department does not have detailed written guidance and procedures on the specific requirements. For example, current practice is to require drug screenings only for *safety sensitive* positions and motor vehicle records only for *driving essential* positions. However, the AR does not specify this nor define the *safety sensitive* and *driving essential* criteria.

In addition, the Arizona Department of Public Safety requires participants in the Arizona Noncriminal Justice Compliance Program (fingerprinting) to establish policies and procedures for privacy and security. The Human Resources staff has developed a draft procedure that is substantially complete but not finalized.

Formal policies and procedures promote consistency and help to ensure compliance with program requirements.

- B. Some user accounts for the Shield Screening (background check) software may have more system access than needed, and the authorization process can be improved.

As of May 2016, seven generic and three duplicate Shield Screening user accounts provide the ability to order and view reports with possible criminal information and other sensitive personally identifiable information. Human Resources staff explained the generic accounts may have been set up for invoicing or organizational purposes. However, anyone using these accounts to order and/or view reports would be anonymous. For example, in March 2016, 60 reports were ordered by an unknown user of a generic account. Additionally, three system users have two active accounts.

Human Resources does not have defined procedures for using the Shield Screening software. To protect privacy of sensitive information, employee access was based on the individual’s regular job responsibilities and the principle of least privilege access.² Formally documenting and approving user account requests, reviewing user accounts on a regular basis, and revoking access when applicable would help to limit the exposure of sensitive information to an as-needed basis.

- C. Because a centralized volunteer database has not yet been developed, it is difficult to ensure that only appropriate volunteer screenings are performed. Also, standard operating procedures for duties such as background screening are not yet available to the department-level volunteer coordinators and supervisors.

The Human Resources Department has a Citywide Volunteer Program Coordinator who is responsible for general oversight of the Citywide Volunteer Program. However, volunteer tracking and management, including background screening, is currently performed by the various departments that use volunteers. The individual departments request their own volunteer background checks through Shield Screening, and the results are returned to the Coordinator. Lack of a centralized database means the Coordinator cannot be sure that all volunteers are screened or ensure that only applicable volunteers are being screened.

AR 308 *Citywide Volunteer Program* states that volunteer site supervisors and department volunteer coordinators will perform duties according to the *Citywide*

² Least privilege access refers to providing only the system access necessary to perform one’s job duties.

Volunteer Program Standard Operating Procedures (SOP). However, while the AR was approved in November 2015, the SOP is not yet available to department staff as of May 2016. Among other matters, these procedures would include initiating background checks.

- D. An email account that was established to receive documents with sensitive personally identifiable information (PII) is not adequately secure.

Human Resources staff receives various documents, such as a driver's license, through an unsecured email address. However, it has not been secured to prevent unauthorized access to sensitive PII. The City's *Records Management Manual* requires departments to protect personal information by ensuring that any PII of individuals collected or obtained is secure and cannot be accessed or viewed, unless authorized by law.

- E. Some records do not appear to be appropriately retained and some record series are not included on the Administrative Services Records Inventory.

1. For 12 of 71 employee files tested, certain records, such as motor vehicle records and drug screening results, were not available in the Human Resources document management system. Examples of missing records identified during audit testing included:

- Drug screening results and motor vehicle record for a Container Repairer, a CDL designated position, hired in June 2014.
- Motor vehicle record for an Equipment Operator I, a CDL designated position, hired in October 2015.
- Drug screening results for a Recreation Leader II, a safety sensitive position, promoted in February 2016.

In some instances, Human Resources staff checked other records that indicated the pre-employment screenings had been completed.

The department's Records Inventory dated February 2016 states that Employee Personnel records, which include driver qualifications and pre-employment background check records (other than criminal history information records), must be retained for five years plus the current year.³

Alcohol/Drug Testing Program records must be retained for five years plus the current year for positive results or one year plus the current year for negative or cancelled results. However, during audit testing we noted the Human Resources document management system has the retention period for negative drug results set to one year from the document creation date.

2. The department's Records Inventory does not include certain background screening records and some of these records have not been retained according to state requirements.

The Criminal History Record Information - Related Records category is not listed on the department's Records Inventory. The state's General Records Retention Schedule for Criminal History Record Information (CHRI) sets the requirement for all public entities for these records. The state defines CHRI-related records as "...

³ The Human Resources department's records are listed on the City's Administrative Services Records Inventory.

the records related to fingerprint cards and the request of CHRI that is received as a result of submitting a fingerprint card ... including ... chain of custody documentation..., inventory sheets, and reject notice records." The records are required to be retained until "after calendar year Department of Public Safety (DPS) or its representatives complete the routine audit." Human Resources staff stated that the City has not been subject to a DPS audit in recent years. Prior to October 2014, these records were not retained.

Recommendations:

The Human Resources Director should:

- A. Ensure comprehensive policies and procedures are developed for the CDL and pre-employment screening programs.
- B. Ensure written policies and procedures governing the background screening system access are developed. These should include limiting access based on regular job duties and the "least privilege" principle.
- C. Ensure a centralized volunteer database is developed or procured to assist with program oversight, such as facilitating background checks as applicable. Further, HR management should finalize the standard operating procedures referenced in AR 308 *Citywide Volunteer Program* and make them available to the various departments using volunteers.
- D. Work with the Information Technology Department to ensure applicable email accounts contain appropriate security features to protect sensitive PII sent or received.
- E. Implement quality control procedures to ensure records are retained in accordance with record retention requirements.

MANAGEMENT ACTION PLAN

1. Further improvements are needed in commercial driver's license program compliance.

Recommendations:

The Human Resources Director should:

- A. Ensure the applicable report contains complete and accurate information to:
 1. Monitor CDL and medical certificate expiration dates and renewals.
 2. Identify employees subject to FMCSA-required random alcohol and controlled substance testing.
- B. Collaborate with Risk Management to determine responsibilities related to the FMCSA-required educational materials and supervisory training and the responsible department should:
 1. Ensure educational materials are provided to each CDL driver and a signed certificate of receipt is obtained and maintained.
 2. Develop an automated report to identify supervisors of CDL-positions using the human resources information system. Also, periodically review this report to ensure it is complete and up-to-date.
- C. Ensure employees in CDL-required positions receive the required drug screening prior to performing their safety sensitive duties.

MANAGEMENT RESPONSE: Agree

PROPOSED RESOLUTION:

- A. Human Resources will have our Systems Integrator ensure the reports used to monitor CDL status, medical certificate expiration dates and FMCSA random alcohol and controlled substance testing are up to date, complete and accurate. Staffing Services will monitor these reports on a regularly scheduled and documented basis.
- B. HR will collaborate with Risk Management on the roles and responsibilities of the CDL program for accountability, and to ensure a process is in place to provide the appropriate materials for supervisor training. Written procedures will be developed to outline the process to include tracking methods. This will be documented in a Memorandum of Understanding that will be signed by the HR Director and the Risk Manager.
- C. Classification/Compensation and Staffing Services will collaborate on creating a Standard Operating Procedure (SOP) for pre-employment requirements to ensure employees successfully pass the pre-employment requirements (or are notified otherwise) prior to starting work. HR will identify any CDL holders who did not receive the 5 panel drug screening and will evaluate the process to ensure that future employees in CDL positions receive the required drug screening prior to performing safety sensitive duties.

RESPONSIBLE PARTY: Human Resources

COMPLETED BY: 05/01/2017

2. Further clarity is needed in requirements of the City's pre-employment screening program.

Recommendations:

The Human Resources Director should:

- A. Ensure job descriptions and the related documents are accurate and up to date.
- B. Develop criteria for requesting pre-employment screenings of temporary agency contract workers. If pre-employment screenings are requested, require the results to be provided for assurance the placement is appropriate.
- C. Develop criteria and provide guidance for requesting pre-employment screenings of contract instructors to ensure consistency.
- D. Develop criteria for requesting pre-employment credit checks as well as the applicable policy and procedures to ensure consistency.

MANAGEMENT RESPONSE: Agree

PROPOSED RESOLUTION:

- A. HR will initiate a plan to update the job descriptions throughout the year to ensure the job descriptions match the pre-employment matrix that was recently developed.
- B. HR will develop written procedures regarding pre-employment screenings for contract workers hired through temp agencies including the process, the types of screenings needed and how results are tracked to ensure the selected agency is complying with our guidelines.
- C. HR will write SOPs that are legally compliant for pre-employment screening on all that will perform work for the city to include contract workers, independent contractors or contract instructors, applicants, volunteers, regular and temporary employees. We will revise internal reference documents to ensure consistency and compliance.
- D. The aforementioned will include a legally defensible methodology for determining which positions are credit checked.

RESPONSIBLE PARTY: Human Resources

COMPLETED BY: 05/01/2017

3. Comprehensive policies, procedures and records management could better ensure compliance with the CDL and pre-employment screening programs.

Recommendations:

The Human Resources Director should:

- A. Ensure comprehensive policies and procedures are developed for the CDL and pre-employment screening programs.

- B. Ensure written policies and procedures governing the background screening system access are developed. These should include limiting access based on regular job duties and the “least privilege” principle.
- C. Ensure a centralized volunteer database is developed or procured to assist with program oversight, such as facilitating background checks as applicable. Further, HR management should finalize the standard operating procedures referenced in AR 308 *Citywide Volunteer Program* and make them available to the various departments using volunteers.
- D. Work with the Information Technology Department to ensure applicable email accounts contain appropriate security features to protect sensitive PII sent or received.
- E. Implement quality control procedures to ensure records are retained in accordance with record retention requirements.

MANAGEMENT RESPONSE: Agree

PROPOSED RESOLUTION:

- A. HR is currently working on revising AR323 - Commercial Driver’s License. Additionally, HR will also develop and publish SOPs with further detail regarding CDL and pre-employment procedures for other staff or supervisors to follow to ensure consistency and compliance. All CDL and pre-employment screening compliance discussed in this audit will be addressed in these SOP’s.
- B. SOPs will be created to describe the Shield Screening background screening account access procedures to request/delete accounts to ensure “least privilege” principle.
- C. HR will procure a volunteer database to track volunteers. HR Management will review and publish the volunteer program SOP.
- D. HR’s Systems Integrator will work with Information Technology Department to ensure applicable email accounts have security features to protect personally identifiable information that is received (incoming). HR already has an outgoing secure email program in place.
- E. HR is working with the City Clerk’s office to update the City’s records retention site for HR records to be compatible with the Arizona State Library, Archives and Public Records - records retention schedule, of which HR is currently following. The Document Management system that HR is using follows this schedule.

RESPONSIBLE PARTY: Human Resources

COMPLETED BY: 05/01/2017

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