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An Audit Report on

Human Resources Management at Health and Human Services Agencies

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Human Resources Management at Health and Human Services Agencies

Overall Conclusion

The Health and Human Services Commission (Commission) should improve its compliance with laws, policies and procedures when carrying out human resources functions for all five of the State's health and human services agencies (collectively referred to as the "Enterprise agencies"). A strong human resources management process is essential to the Enterprise agencies, which employ approximately 50,000 individuals. In fiscal year 2007, Enterprise agency payroll and payroll-related costs totaled \$2.2 billion (see Appendix 2 for additional information).

The Commission should improve its compliance with training requirements for Enterprise agency employees and supervisors. Ninety-two percent of the Enterprise agency supervisors hired between September 1, 2006, and March 31, 2008, had not completed one or more of the Enterprise-wide required training courses. Additionally, only 43 percent of Enterprise agency employees hired during that same time period had completed one or more Enterprise-wide required training courses. The lack of adequate training may expose the Enterprise agencies to risks such as lack of employee productivity and litigation. During this audit, the Commission began to identify and address the training needs of Enterprise agencies.

The Commission also should improve controls over its process for identifying and monitoring overpayments to terminated Enterprise agency employees. The Commission reported that it continued to pay 1,229 individuals whose employment at Enterprise agencies had been terminated in fiscal years 2007 and 2008. Those payments totaled \$738,192 (as of May 31, 2008).

Background Information

Under House Bill 2292 (78th Legislature, Regular Session), multiple health and human services agencies were consolidated into the following five agencies:

- The Health and Human Services Commission.
- The Department of Aging and Disability Services.
- The Department of Assistive and Rehabilitative Services.
- The Department of Family and Protective Services.
- The Department of State Health Services.

The Health and Human Services Commission (Commission) is responsible for overseeing the other four agencies. The five agencies combined are referred to as the Health and Human Services System or the Enterprise agencies.

In October 2004, the Commission outsourced a portion of its human resources function to Convergys (see list of Convergys and Commission responsibilities in Appendix 3).

Compliance Definitions Used in This Report

Compliant - No errors were identified when Commission records were compared to compliance criteria.

Substantially Compliant - A small number of errors were identified when Commission records were compared to compliance criteria.

Minimally Compliant - Errors were identified; however, some portion of the compliance requirements was met when Commission records were compared to compliance criteria.

Not Compliant - Significant errors were identified when Commission records were compared to compliance criteria.

The Commission should improve its monitoring of emergency leave granted because of the results of annual criminal background checks. The Commission reported that 43 employees were placed on emergency leave from September 2006 through July 2008 because their annual criminal background checks contained information that required further investigation. The length of time these employees were placed on emergency leave ranged from 3 hours to 343 days, with an average of 70 days on emergency leave. The Commission's Employee Relations Unit reported that it does not monitor the use of emergency leave related to criminal background checks.

While the Commission's procedures for hiring Enterprise agency employees are adequate, the Commission has not consistently followed those procedures. The Commission is in minimal compliance with certain federal and state requirements for the hiring of Enterprise agency employees. For example, the Commission does not consistently comply with the U.S. Department of Homeland Security's requirement to complete Employment Verification (I-9) forms, which document whether individuals are eligible to work in the United States. The Commission could not locate 52 of 150 (35 percent) I-9 forms that auditors selected for testing. Of the 91 forms the Commission could locate, 35 (38 percent) were not completed within 3 days of hire as required.

The Commission is in minimal compliance with its procedures for maintaining Enterprise agency employee records. For example, the Commission's personnel files contained protected or confidential information, such as medical documentation, that should have been maintained separately. Additionally, employee performance evaluations were not completed as required for 92 of 124 (74 percent) of Enterprise agency employees that auditors tested for the time period from September 1, 2006, through March 31, 2008.

The Commission is in substantial compliance with the requirements for several other human resources areas that auditors tested, including requirements for compensation and complaint resolution processes. For example, audit tests of Enterprise agency compensation determined that 99 percent of one-time merits and merit increases tested were awarded in compliance with state law.

Auditors sent a Web-based survey of human resources management practices to a random sample of Enterprise agency supervisors and employees. Survey results for supervisors indicated the need for additional training opportunities to effectively manage their responsibilities. Selected survey results are discussed in the individual chapters of this report, and Appendix 4 presents a summary of survey results.

Auditors also communicated other, less significant issues to the Commission in writing.

Summary of Management's Response

The Commission generally agrees with the recommendations in this report. Detailed responses are included in the Detailed Results section of this report.

Summary of Information Technology Review

In October 2004, the Commission outsourced a portion of its human resources function to Convergys. The Commission's automated human resources system (AccessHR) software is supported by Convergys, and the infrastructure is supported by the Commission through its contract with the Department of Information Resources. Many components of AccessHR, including the AccessHR Web site and the recruiting and staffing application, are housed at a data center in Jacksonville, Florida. Convergys also is responsible for providing production support, control, and planning for AccessHR. The Commission is responsible for monitoring and oversight of its contract with Convergys.

Auditors identified weaknesses in access controls associated with AccessHR (see Chapter 8 of this report for additional details). In addition, auditors followed up on the status of findings from a February 2007 Commission internal audit of AccessHR and determined that Convergys had addressed the majority of the issues in that report. The Commission is still working with Convergys to implement an internal audit report recommendation to log user activities.

Summary of Objective, Scope, and Methodology

The objective of this audit was to determine whether health and human services agencies are complying with laws, policies, and procedures regarding human resources management, including selections from the most recent State Classification Office's *Texas Human Resources Management Statutes Inventory*.

The scope of this audit covered the time period from September 1, 2006, through July 31, 2008. Auditors reviewed employee hiring and selection, training, compensation and benefits, and employee relations. The scope also included internal control processes and procedures for AccessHR and related information system components.

The audit methodology included collecting information and documentation; reviewing policies and procedures, statutes, and rules for human resources management; performing selected tests and other procedures; analyzing and evaluating the results of the tests; and conducting interviews with Enterprise agency management and staff and Convergys management and staff. In addition, auditors sent a Web-based survey to a selection of employees and supervisors at the Enterprise agencies.

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Detailed Results

Chapter 1

The Commission Should Improve Its Compliance With Training Requirements for Supervisors and Employees

The Health and Human Services Commission (Commission) does not comply with its policies and procedures for training health and human services agency (collectively referred to as the “Enterprise agencies”) employees and supervisors on their job responsibilities within 30 days of employment or upon becoming a supervisor.

Supervisor Role in Human Resources

House Bill 2292 (78th Legislature, Regular Session) amended Texas Government Code, Section 531.0055(d), in September 2004 to specify that the performance of administrative support services for health and human services agencies is the responsibility of the Health and Human Services Commission (Commission).

The Commission contracted with Convergys in October 2004, which resulted in a reduction of the human resources staff at the Commission (see list of Convergys and Commission responsibilities in Appendix 3). This ultimately shifted many of the human resources administrative responsibilities to supervisors at the health and human services agencies (collectively referred to as the “Enterprise agencies”). Supervisors at the Enterprise agencies are responsible for understanding and complying with state and federal laws, as well as agency policies and procedures for human resources. This would include, but is not limited to, the following:

- Ensuring job requisitions for vacant positions are posted.
- Hiring and selecting new employees.
- Approving and monitoring employee time, leave, and overtime.
- Determining when job audits are needed to ensure proper classification of positions.
- Processing employee terminations.
- Monitoring employee training.
- Preparing employee performance evaluations.
- Processing employee merits and promotions.
- Performing accident and injury reporting.

The Commission requires Enterprise agency employees and/or supervisors to attend the following training courses:

- New Employee Orientation.
- Health and Human Services Overview.
- AccessHR for employees or supervisors.
- Civil Rights.
- Computer Usage and Information Security.

All required training courses are Web-based courses that are taken within AccessHR (the Commission’s automated human resources management system). This system tracks training that Enterprise agency employees take, and it has reporting options that are available to supervisors to track employees’ training. However, the report available to track required training was programmed to track only two of the five required training courses; therefore, this may contribute to low training completion rates for employees and supervisors.

Improving the training for Enterprise agency supervisors could enhance the work environment for all Enterprise agency employees.

The Commission does not consistently comply with its policy requiring all supervisory staff to complete the Enterprise-wide required training. Ninety-two percent of the Enterprise agency supervisors tested had not completed one or more of the Enterprise-wide required training courses between September 1, 2006, and March 31, 2008.

Table 1

Enterprise-wide required Training Courses for Supervisors			
Required Training Course	Number of Supervisors Tested	Number of Supervisors Who Completed Course	Percent of Courses Completed
New Employee Orientation	108	57	53%
AccessHR for Supervisors	108	14	13%
Health and Human Services Overview	108	52	48%
Civil Rights	108	75	69%
Computer Usage and Information Security	108	72	67%

Source: Unaudited information from Enterprise agencies.

The only required course that covers a supervisor’s management responsibilities is the Web-based AccessHR training course. However, only 13 percent of the supervisors tested had taken this course. See Table 1 above for additional details on the completion of required courses for supervisors.

Auditors' survey of a random sample of Enterprise agency supervisors determined that 39 percent strongly disagreed or disagreed that they had received adequate training on human resources policies and procedures as they relate to their job (see Table 2 for additional details).

Table 2

Responses from Supervisors at All Health and Human Services Agencies to The 2008 State Auditor's Office's Human Resources Survey Regarding Training				
Survey Statement	Strongly Agreed or Agreed	Strongly Disagreed or Disagreed	Neutral	Average Score ^a
I have received adequate training on agency HR policies and procedures as it relates to my job as a supervisor or manager. (For example, training on work scheduling, performance evaluations, telecommuting)	41%	39%	20%	2.94
I have received adequate training on personnel laws. (For example, training on the Equal Pay Act, the Age Discrimination in Employment Act, etc.)	41%	37%	22%	2.96
I understand where to get assistance on agency HR policies and procedures if I have questions or concerns.	63%	16%	21%	3.57
I have received adequate training on using AccessHR to access my personal data and HR information.	59%	22%	19%	3.42
I have received adequate training on AccessHR as it relates to my job as a supervisor or manager.	39%	42%	19%	2.90
I feel comfortable answering HR-related questions from my employees.	47%	24%	29%	3.27
^a The scale of survey scores ranged from strongly disagreed (1) to strongly agreed (5).				

The Commission does not track Enterprise-wide required training courses for Enterprise agency employees and supervisors. Supervisors at each of the Enterprise agencies are responsible for monitoring their staff's compliance with required training. AccessHR has a reporting feature that allows supervisors to run a training compliance report for staff who report directly to them. However, the report available to supervisors in AccessHR includes only training results for civil rights training and computer usage and information security. The AccessHR training course for supervisors covers the reporting tools available to supervisors; however, some supervisors may not be aware of the tools (because only 13 percent of the supervisors tested had completed this course).

Without adequate training, Enterprise agency supervisors may not have the skills and information necessary to protect their agencies from risks that arise from hiring, supervising, evaluating, disciplining, and terminating employees. Ensuring that Enterprise agency staff have necessary human resources skills is critical in enabling the Commission to address the issues raised in this report.

Ensuring that employees receive required training also could enhance the work environment.

Of the 142 Enterprise agency employees hired between September 1, 2006, and March 31, 2008, 81 (57 percent) did not complete one or more Enterprise-wide required training courses. Of the 61 who completed the required training, 11 (18 percent) did not complete the courses within 30 days. Specifically:

- 59 of 142 (42 percent) employees tested did not complete the required introduction to AccessHR for employees.
- 62 of 142 (44 percent) employees tested did not complete the required health and human services overview training.
- 48 of 143 (34 percent) employees tested did not complete the required computer usage and information security training.
- 31 of 144 (22 percent) employees tested did not complete the required civil rights training.
- 47 of 143 (33 percent) employees tested did not complete the required new employee orientation.

The Commission has taken steps to address training needs.

The Commission has taken steps to address training needs for the Enterprise agencies. For example:

- The Commission distributed a *Manager's Desk Reference* document in February 2008 to provide supervisors with guidance on using the online information they need to perform certain supervisory responsibilities.
- The Commission administered an administrative training survey to identify overall staff training needs; it also sent a leadership development training survey to each Enterprise agency to determine what supervisory training is already in place.
- The Commission developed a training proposal to address training issues, and it is working on developing two new training courses: AccessHR Training Program for Managers (ATPM) and the Leadership Development Program (LDP). ATPM involves teaching supervisors how to effectively use the self-service tools provided via AccessHR to accomplish daily supervisory activities, including performance management, “onboarding” new hires, and terminating employees. The LDP course focuses on strategic planning and goal-setting, team-building, communication strategies, ethics, change management, and employee development.

- The Commission is creating a new training unit to deliver AccessHR training, and it is forming a training workgroup to address training issues.

Recommendations

The Commission should:

- Ensure that all Enterprise agency employees and supervisors complete required training courses as soon as practical.
- Conduct sufficient monitoring to ensure that Enterprise agency supervisors receive sufficient training. It also should consider assigning Enterprise agency human resources staff responsibility for tracking and reporting training deficiencies.
- Modify the report used to track training for the Enterprise agency employees to ensure that the report includes all required training courses.

Management's Response

The Commission recognizes the need to ensure that all HHS employees are provided with the training necessary to effectively accomplish work requirements and enhance overall professional development. To address this issue, the Commission has approved the formation of a new Training and Organizational Development Unit that will report directly to the Associate Commissioner for Consumer Support and Workforce Services. Activities have already commenced to begin staffing this new unit. The Training Unit will be assigned responsibility for assessing ongoing employee and supervisory training needs, developing plans to monitor training effectiveness, and tracking training to ensure completion as required.

In recent months, the Commission has actively engaged in efforts to identify and respond to employee needs relative to training and professional development activities. In April 2008, an online training needs assessment survey was made available to all HHS employees to gather data regarding the types of training that would be most beneficial to them to effectively perform their job requirements. An analysis of the survey results clearly indicated that supervisors and managers would benefit greatly from training on accessHR functionality and leadership development. As a result, the Commission has initiated plans to develop and deliver training programs that will assist supervisors and managers in acquiring the knowledge and skills necessary to become better leaders and to manage daily job requirements more effectively. The two types of training are the accessHR Training Program for Managers (ATPM) and the Leadership Development Program (LDP). The ATPM training modules include: Employee On-boarding, Employee Separations, and Performance Management. A Training workgroup was formed to include

representatives from each HHS agency to assist in the implementation of these new programs. The workgroup will also assist in identifying Skillsoft training classes to be added to the accessHR portal for all levels of employees.

The Commission has also formed a separate Training Solutions workgroup (comprised of representatives from HHS agencies and various program areas) to identify issues and solutions relative to tracking training completion and compliance rates for Enterprise employees. At present, there is not a consolidated system in place to track and update the various training systems used throughout the Enterprise. The workgroup will be charged with formulating recommendations and solutions relative to: (1) determining how to implement a comprehensive training tracking system to capture all Enterprise employee training activities and ensure that required courses are completed timely; (2) identifying means to accurately monitor compliance rates for required training; (3) developing methods to ensure that management is notified of noncompliance and training delinquencies; and (4) determining methods to ensure managers are held accountable for training compliance requirements.

Estimated Completion Dates:

<i>August 2008</i>	<i>Curriculum development for ATPM training modules.</i>
<i>August 2008</i>	<i>Training Solutions workgroup begins assignment.</i>
<i>September 2008</i>	<i>Post and conduct hiring activities for the Training Unit Manager position.</i>
<i>September 2008</i>	<i>Determine Enterprise policy required training</i>
<i>September 2008</i>	<i>Reconcile the PeopleSoft current training tracking system to reflect true delinquent training and implement systems to timely upload all training to PeopleSoft from the other Enterprise training systems.</i>
<i>September 2008</i>	<i>Complete curriculum development for separations training module.</i>
<i>October/November 2008</i>	<i>Post and conduct hiring activities for the Training Unit staff positions.</i>
<i>October 2008</i>	<i>Begin delivery of supervisory ATPM training classes.</i>
<i>December 2008</i>	<i>Complete development of a system to monitor and provide reports of training activities.</i>

Title of Responsible Person:

Contract Manager, Consumer Support and Workforce Services

Training Director, Training and Organizational Development Unit, Consumer Support and Workforce Services

The Commission Should Improve Controls to Identify Overpayments It Makes to Terminated Employees, and It Should Improve Compliance with Requirements Regarding Employee Exit Surveys

The Commission should improve controls to prevent paying individuals whose employment has been terminated. The Commission's controls are reactive (rather than proactive), and those controls rely on Enterprise agency supervisors terminating employees in the automated system in a timely and appropriate manner.

Enterprise Agency Paymasters

There are a total of six paymasters at Enterprise agencies (one for each agency, except for the Department of Aging and Disability Services, which has two paymasters). In addition, each state school and hospital has employees who have assumed paymaster responsibilities.

Paymasters are responsible for:

- Identifying overpayments made to terminated employees for their respective agencies.
- Tracking overpayments and submitting data to the Commission's payroll department.
- Collecting overpayments from terminated employees.

The Commission relies on "paymasters" in each of the Enterprise agencies to identify and collect overpayments made to terminated employees (see text box for additional details). However, it has not developed policies and procedures for the tracking and reporting of overpayments to ensure that paymasters provide reliable data.

The Commission reported that it had terminated 20,348 employees between September 1, 2006, and May 31, 2008. It reported that 1,229 (6 percent) of those terminated employees were overpaid by \$738,192 during that time frame.

The Commission also is in minimal compliance with requirements to ensure that employees who have voluntarily separated from Enterprise agencies have the opportunity to complete an exit survey.

Chapter 2-A

The Commission Does Not Have Controls to Ensure That Paymasters Report Overpayments Consistently and Accurately

When Enterprise agency supervisors do not enter terminations in AccessHR in a timely manner, terminated employees may continue to receive paychecks. While the Commission's Payroll Department compiles a monthly report of all overpayments made to terminated employees, that report is inaccurate and unreliable.

Auditors reviewed reports provided by the Commission for the period from September 1, 2006, through May 31, 2008. The Commission reported it had overpaid 1,229 employees by \$738,192 during this period (see Table 3 on the next page).

Table 3

Summary of Employee Terminations and Employees Overpaid at All Health and Human Services Agencies				
Agency	Total Number of Employees Terminated	Total Number of Employees Who Were Terminated and Overpaid	Percent of Terminated Employees Who Were Overpaid	Amount Overpaid
Fiscal Year 2007				
Department of Aging and Disability Services	4,185	117	2.80%	\$ 48,146.42
Department of Assistive and Rehabilitative Services	286	16	5.59%	16,471.60
Department of Family and Protective Services	2,031	189	9.31%	92,671.59
Department of State Health Services	2,381	65	2.73%	39,543.91
Health and Human Services Commission	<u>1,771</u>	<u>113</u>	<u>6.38%</u>	<u>95,054.64</u>
Totals	10,654	500	4.69%	\$291,888.16
Fiscal Year 2008 (as of May 2008)				
Department of Aging and Disability Services	4,171	365	8.75%	\$ 134,084.38
Department of Assistive and Rehabilitative Services	193	19	9.84%	21,607.44
Department of Family and Protective Services	1,477	165	11.17%	197,939.38
Department of State Health Services	2,236	71	3.18%	26,446.86
Health and Human Services Commission	<u>1,617</u>	<u>109</u>	<u>6.74%</u>	<u>66,226.15</u>
Totals	9,694	729	7.52%	\$446,304.21
Fiscal Years 2007 and 2008 (as of May 2008)				
Department of Aging and Disability Services	8,356	482	5.77%	\$ 182,230.80
Department of Assistive and Rehabilitative Services	479	35	7.31%	38,079.04
Department of Family and Protective Services	3,508	354	10.09%	290,610.97
Department of State Health Services	4,617	136	2.95%	65,990.77
Health and Human Services Commission	<u>3,388</u>	<u>222</u>	<u>6.55%</u>	<u>161,280.79</u>
Totals	20,348	1,229	6.04%	\$738,192.37

Source: Unaudited information from the Enterprise agencies.

Auditors were unable to validate the accuracy of the Commission's reports on overpayments because data provided by Enterprise agency paymasters was not complete and accurate. For example:

- Some reports were missing periods of data for some agencies.
- Some agencies reported net overpayments instead of gross overpayments.
- Some agencies included overpayments for items that should not have been included. For example, some agencies included leave without pay or

reversals, which were overpayments caught by payroll before a payment was actually sent to the employee.

The Commission does not have policies and procedures to ensure that the methodology that paymasters use to track and report overpayments is consistent and accurate. The different methods for tracking and recording overpayments caused the overall monthly reports on overpayments to be inaccurate and unreliable. According to the Commission's Time, Leave, and Labor Department, the overall monthly reports have been incorrect since October 2007.

The Commission does not provide clear direction to ensure that supervisors correctly enter employment termination dates in AccessHR.

Employee terminations are the responsibility of Enterprise agency supervisors, who must enter the termination information into AccessHR to stop paying an individual. If a supervisor does not enter the termination date into AccessHR, then the terminated employee will continue to be paid.

There are no controls to ensure that Enterprise agency supervisors enter employee terminations in AccessHR in a timely manner or that they enter the appropriate termination date. The instructions on the termination page in AccessHR for entering an employee's termination date are unclear. The termination page states that the effective date of separation (termination) should be the day after the employee's last day working at the agency. However, the manager separation checklist states that the effective date of separation is the day after the employee's last physical day on the job or, if the employee is running out leave, the day after the employee's last day of leave on the payroll. This difference in the effective separation date could confuse supervisors and cause them to enter the incorrect termination date in AccessHR. Auditors' survey results indicated that 95 of 339 (28 percent) supervisors strongly disagreed or disagreed that they understood how to terminate an employee correctly in AccessHR, including how to process the employee's leave and compensatory time correctly.

The Commission's Payroll Department has developed a new business process proposal to help mitigate the risk of overpayments due to terminations and to enhance instructions provided to supervisors for entering terminations. The proposal includes enhancements to AccessHR to help supervisors enter information correctly and allows for increased monitoring. The proposal was approved by the Commission's executive management on July 23, 2008.

The Commission's Payroll Department also is changing the process for identifying and recording overpayments; it asserts the revised process will be implemented September 1, 2008. The revised process will require Convergys to identify all overpayments and require the Commission's Payroll Department to track and record the overpayments. Enterprise agency paymasters will be responsible only for communicating with overpaid

employees and collecting overpayments. The Commission's Payroll Department has not yet developed policies and procedures for the identifying, monitoring, and recording of overpayments to terminated employees.

Recommendations

The Commission should ensure that its Payroll Department:

- Notifies paymasters at Enterprise agencies of the correct information to report regarding overpayments to terminated employees or inform executive management that the information is inaccurate.
- Includes more detailed instructions on the Employee Separation Page in AccessHR to identify the correct effective termination date.
- Provides training to all Enterprise agency supervisors to ensure they are trained on employee termination procedures.

Management's Response

Payroll staff will provide training and direction to agency paymasters regarding standardization of reporting information for the salary overpayment performance measure. The information will be reported monthly (by the 10th of the following month) to the payroll office at the detail and summary level. This documentation will be maintained in the payroll office for audit purposes. The recommendation that HHS Payroll Services provide training to all Enterprise agency supervisors to ensure they are trained on employee termination procedures will be addressed by the Training and Organizational Development Unit (See Chapter 2-A, Part 2, below).

In addition, on July 23, 2008, executive management approved a strategy to prevent future salary overpayments. This strategy includes:

A daily query to identify retroactive termination actions made after the payroll deadline and then taking remedial action to prevent the overpaid condition.

Comprehensive manager training regarding payroll calendar deadlines and the relationships of those deadlines to the proper calculation of pay. A team of staff has been identified for the project and the Payroll Office is participating in the development and delivery of the curriculum.

A new Employee Separation Page will be developed for the employee to self report intended separation. The page will be monitored and used to ensure that actions have been taken to properly separate the employee by the manager.

Add a field to the system indicating the last day worked by the employee or the day through which they used paid leave. Adding this field will provide visibility to any actual hours overpaid.

An e-mail notification before every on-cycle payroll which will prompt managers for the separation entries for any departing employees in time to prevent overpayments to occur.

Management tracking of overpayments will occur monthly and be shared with the chief operating officers and chief financial officers. The report will include amount, employee, manager, and department and serve as a measure of performance and as an aid to reinforce managers' responsibility and accountability.

The Commission has initiated plans to develop and deliver the accessHR Training Program for Managers (ATPM). The ATPM training modules include: Employee On-boarding, Employee Separations, and Performance Management. Through this training, instructions will be provided to supervisors regarding how to accurately and timely perform employee separation/termination activities.

To date, the Commission has collected \$414,427 of the overpayments, and is actively pursuing collection of the remaining balance.

Estimated Completion Dates:

<i>Occurring now</i>	<i>Item 1 (Daily Overpayment Query).</i>
<i>September 2008</i>	<i>Paymaster training delivered by the payroll staff.</i>
<i>September 2008</i>	<i>Complete curriculum development for Separations training module.</i>
<i>September 2008</i>	<i>Item 2 (Comprehensive Management Training) Development and rollout.</i>
<i>October 2008</i>	<i>Begin delivery of supervisory ATPM training classes.</i>
<i>November 2008</i>	<i>Items 3 through 6 (Separation Page, Adding additional field, E-mail notification, and overpayment report).</i>

Title of Responsible Person:

Director of HHS Payroll Services

Director of HHS Time Labor and Leave Services

The Commission Is in Minimal Compliance with Requirements to Ensure That Exiting Employees Complete an Exit Survey

Texas Government Code, Section 651.007, requires state entities to provide employees who are voluntarily leaving employment with the opportunity to complete an exit survey. The employees are given the opportunity to access the exit survey through the State Auditor's Office's Web site. Information obtained from the employees is confidential, and it is compiled each quarter and reported to the agencies without including any identifying information.

Auditors selected a random sample of employees who had voluntarily left employment from Enterprise agencies between September 1, 2006, and March 31, 2008. The Commission relies on Convergys to administer these exit surveys, and Convergys had documentation to support that it had processed and requested unique identifiers for terminations. However, Convergys was unable to provide support showing that 14 of 180 (8 percent) employees tested were provided an opportunity to complete an exit survey. For Convergys to begin processing an exit survey request for an employee, the employee's direct supervisor at the Enterprise agency must enter the termination in AccessHR. If the supervisor does not properly enter the voluntary termination, the exit survey process will not begin.

Recommendation

The Commission should ensure that all employees who have voluntarily terminated employment are provided the opportunity to complete an exit survey in compliance with Texas Government Code, Section 651.007.

Management's Response

HHS has reviewed the SAO online exit survey reports for the third quarter of fiscal year 2008. We believe the issuance of the letter to individuals to participate in the exit survey is being provided as substantiated by the high response rates for the recent period. Currently, HHS agencies are in substantial compliance with the number of unique IDs generated. In addition, the HHS agencies currently exceed the statewide survey response rate. For the third quarter of fiscal year 2008, the following data represents the number of unique IDs generated and the response rate for the HHS agencies.

<i>Agency</i>	<i>Percent of Unique IDs Generated</i>	<i>Survey Response Rates (%)</i>
<i>DADS</i>	<i>100</i>	<i>14</i>
<i>DFPS</i>	<i>100</i>	<i>25</i>
<i>DARS</i>	<i>90</i>	<i>28</i>
<i>DSHS</i>	<i>100</i>	<i>14</i>
<i>HHSC</i>	<i>100</i>	<i>27</i>
<i>Statewide</i>	<i>88</i>	<i>18</i>

The Convergys service center will be directed to maintain copies of the survey invitation letter sent to separated employees. Copies of the invitation letters will be available in the e-case system for viewing by HHS Human Resources (HR) staff. In addition, HHS HR will quarterly review the online exit survey reports to ensure that unique exit survey IDs are generated and survey response rates are in line with past results.

Estimated Completion Date:

September 2008 Process improvement in place to track the issuance of the letters to separated employees.

Title of Responsible Person:

Director of Human Resources

The Commission Should Improve Its Monitoring of Emergency Leave Granted Because of the Results of Annual Criminal Background Checks

State schools, which are overseen by the Department of Aging and Disability Services, place employees on emergency leave when the employees' annual criminal background checks identify pending or negative results. The

Annual Criminal Background Checks

The Commission's Employee Relations Unit conducts annual criminal background checks on existing employees for the following Enterprise agencies:

- Department of Aging and Disability Services' state schools.
- Department of State Health Services' mental health facilities.

The Department of Family and Protective Services conducts its own annual criminal background checks.

Commission's policies and procedures allow Enterprise agencies to place employees on emergency leave at their discretion; however, they do not specify how long an employee may remain on emergency leave.

The Commission's Employee Relations Unit reported that 43 employees had been placed on emergency leave from September 1, 2006, through July 31, 2008, because their annual criminal background check contained information that required further investigation. These employees were placed on emergency leave for time periods ranging from 3 hours to 343 days, with an average of 70 days on emergency leave. Ten

of these employees were on emergency leave for 150 days or more. All individuals on emergency leave continued to be paid and accrued vacation and sick leave.

The Commission's Employee Relations Unit reported that it does not monitor the use of emergency leave related to criminal background checks.

Recommendations

The Commission should:

- Develop policies and procedures for monitoring emergency leave that is granted to employees because of the results of criminal background checks.
- Establish a benchmark for the number of days an employee is allowed to receive emergency leave because of the results of a criminal background check.

Management's Response

HHS HR staff will recommend to executive leadership a revision to the HHS HR Policy Manual that would address the monitoring of emergency leave granted to employees because of the results of criminal background checks (CBC). HR staff will monitor the use of CBC-authorized emergency leave and report quarterly to the appropriate agency chief operating officer.

HHS employees placed on emergency leave because of the results of CBCs will be limited, unless an exception is authorized by agency management, to a maximum of ninety days. Agency management will review, on a case-by-case basis, requests from employees who have reached the ninety-day maximum limit for a possible extension. A Customer Service Request will be submitted to the accessHR Change Control Board to create a new Time Reporting Code that will allow reporting of the emergency leave used for this condition.

Estimated Completion Dates:

November 2008 Policies and procedures.

May 2009 CSR and report placed into production.

Title of Responsible Person:

Director of Human Resources

Director of Time and Labor

The Commission Should Improve Its Compliance with Requirements Regarding the Selection of Employees

Selection of Employees

Auditors tested the Commission's compliance with requirements in the following areas:

- Employee verification forms.
- Annual job audits.
- Determining whether hired employees meet minimum job requirements.
- Fair Labor Standards Act determinations.
- Hiring process.
- Pre-employment criminal background checks.

The Commission should improve its compliance with applicable laws and agency policies and procedures related to the selection of employees.

While the Commission's procedures for hiring Enterprise agency employees are adequate, the Commission has not consistently followed those procedures. Further, the Commission is in minimal compliance with certain federal and state requirements for the hiring of Enterprise agency employees. For the six areas auditors reviewed:

- The Commission is not in compliance with the requirements for two areas (employment verification forms and annual job audits).
- The Commission is in minimal compliance with the requirements for one area (determining whether hired employees meet minimum job requirements).
- The Commission is in substantial compliance with the requirements in one area (Fair Labor Standards Act determinations).
- The Commission is in compliance with requirements in two areas (hiring process and pre-employment criminal background checks).

Chapter4-A

The Commission Is Not in Compliance with the Requirements for Employment Verification Forms

The Commission is not in compliance with applicable laws and agency policies and procedures for Employment Verification Forms (I-9 forms), which document whether an individual is eligible to work in the United States. The U.S. Department of Homeland Security and the Commission's policies and procedures require I-9 forms to be completed for each new employee within three business days of the employee's hire date, and those forms must be dated and signed by employers.

Auditors randomly selected Enterprise agency employees hired from September 1, 2006, through March 31, 2008. I-9 forms for 91 of 98 (93 percent) employees tested were signed and dated by a supervisor. However, 35 of 91 (38 percent) I-9 forms tested were not completed within 3 days of the employee's hire date. Supervisors do not always sign and date the I-9 forms or consistently complete them within three days.

The U.S. Department of Homeland Security also requires that I-9 forms be updated if an employee is rehired within three years. If an employee is

rehired and it has been more than three years since his or her prior employment, a new I-9 form should be completed. Results of audit testing indicate that supervisors do not always know the I-9 form requirements concerning rehired employees. Eighteen of 28 (64 percent) employees tested who were rehired did not have the existing I-9 form updated or a new I-9 form completed. However, according to auditors' survey results, 69 percent of supervisors strongly agreed or agreed that they understood what records and paperwork must be completed after they hire an employee.

The Commission's policies and procedures require I-9 forms to be retained in the Commission's Human Resources Department (see Chapter 5 for more information on I-9 forms and personnel files). The Commission's "on-boarding" checklist requires supervisors to send the completed I-9 form to the Human Resources Department. However, supervisors do not appear to be aware of this requirement, because the Human Resources Department could not locate 52 of 150 (35 percent) I-9 forms tested. In addition, auditors' survey results indicate that 24 percent of supervisors maintain I-9 forms in their files or the files of their administrative staff. Twenty percent of supervisors were unsure of the location of the I-9 forms.

The Commission's Human Resources Department reviews the I-9 forms it receives for completeness, but it does not have a process to ensure it receives all I-9 forms for new employees. The Human Resources Department asserts it should have all I-9 forms for every employee since 1987. However, there is only one employee in the Human Resources Department responsible for receiving all I-9 forms; it is not possible for the Human Resources Department to ensure that it receives all the documents supervisors are required to submit. I-9 forms contain employees' personal information regarding their status as a U.S. citizen. This information is sensitive and could be used by supervisors or other employees to discriminate against employees.

Recommendation

The Commission should ensure that Enterprise agency supervisors properly complete I-9 forms for new and rehired employees.

Management's Response

The HR Records Section has imaged I-9 documents that were maintained by the 12 legacy HHS agencies. A review of I-9 information in the HHSAS HRMS system identified over 27,000 new hire records during the reporting period. This data indicates that supervisors are completing the I-9 documentation process. The HR Records Management Unit images the I-9 paper documents as received from hiring managers across the state.

The HR Records Management unit will develop I-9 completion procedures as part of the “Hiring Employees with Success” training course. Employees involved in the hiring process will be provided instructions on completing the I-9 forms.

A monthly new-hire report will be created from data in the HHSAS HRMS system. HR Records Section staff will compare new employee records between the Neubus Employee Records System and the HHSAS HRMS system to ensure I-9 forms are collected and filed. The manual comparison will identify any missing I-9 forms.

Due to the large number of monthly hires and having to perform a manual comparison, HHS is assessing the feasibility of using an online employment verification system for I-9 compliance.

Estimated Completion Dates:

November 2008 Training, report creation, and file comparison.

January 2009 Feasibility review of online employment verification completed.

Title of Responsible Person:

Director of Human Resources

Chapter 4-B

The Commission Is Not in Compliance with the Requirements for Annual Job Audits

The Commission is not in compliance with Texas Government Code, Section 654.0155, which requires agencies to annually review individual job assignments to ensure each position is properly classified. Convergys, the Commission’s contractor, is responsible for determining the Fair Labor Standards Act (FLSA) status for Enterprise agency employees. Convergys reviews an employee’s status when an Enterprise agency supervisor requests a review, when a new position is created, or when a position becomes vacant.

The Commission’s policies and procedures require Enterprise agency supervisors to request a review of an employee’s FLSA status if the employee’s job duties change significantly. According to the Commission’s Human Resources Department, supervisors also are required to review their employees’ job duties annually when completing performance evaluations. However, Enterprise agencies do not always conduct performance evaluations annually (see Chapter 6-A for additional details). In addition, the

Commission has no documented policies and procedures requiring supervisors to review job duties when completing performance evaluations.

Convergys does not have an annual plan to review the FLSA status of employees in specific job groups or classes. The Commission reviews employees' FLSA status only when an Enterprise agency supervisor appeals the decision made by Convergys. Without conducting periodic reviews of employees' job duties, the Commission cannot ensure that employees are classified correctly and have the proper FLSA status, or that the Commission is in compliance with Texas Government Code, Section 654.0155.

Recommendations

The Commission should:

- Develop and implement annual plans to review the FLSA status for specific job groups or classes of Enterprise agency employees to ensure compliance with Texas Government Code, Section 654.0155.
- Ensure that Enterprise agency supervisors review employees' job duties annually and request FLSA status reviews if job duties change significantly.

Management's Response

There are 168 job titles in the HHS agencies that have a standardized job description (e.g. child and adult protective service workers, mental retardation assistants, psychiatric nursing assistants, registered nurses, licensed vocational nurses,). There are currently over 29,000 employees in these job titles that are considered benchmark jobs. Benchmark jobs are common to the HHS system and have been previously audited to determine the appropriate classification and FLSA status. Skill requirements, essential tasks, responsibilities, work effort and working conditions are well defined along with equitable pay and classification levels. We believe a significant number of positions are properly classified through this process. HHS HR and Convergys staff is in the process of assessing the FLSA status of all positions in the five agencies. The process includes a review of the central duties being performed to ensure proper classification under the State Classification plan.

HHS human resources will monitor performance plan development, performance evaluation completions and job audit requests by supervisors to ensure job duties, job functions, performance standards and responsibilities are adequately documented and appropriate for the position. Data from the accessHR Employee Performance Management (EPM) system and the accessHR job audit process will be evaluated annually to ensure compliance.

Managers will continue to request FLSA status and job audit reviews from accessHR classification staff when job duties change significantly.

Estimated Completion Dates:

July 2009 Completion of FLSA review.

August 2009 Annual monitoring of FLSA status and job duties.

Title of Responsible Person:

Director of Human Resources

Chapter 4-C

The Commission Is in Minimal Compliance with the Requirements for Determining Whether Employees Meet the Minimum Job Requirements

The Commission is in minimal compliance with policies and procedures regarding hiring employees who meet the minimum job requirements. Auditors tested a random sample of Enterprise agency employees hired from September 1, 2006, through March 31, 2008, and compared the minimum job requirements in the job requisitions to the hired employees' applications. Nineteen of 150 (13 percent) employees tested did not appear to meet the minimum job requirements based on the information provided in their applications. Sixteen of 95 (17 percent) employees did not appear to have the experience required in the job requisition based on the information in their applications.

Vurv Module within AccessHR

Vurv is a module within AccessHR that is used for the selection and hiring of Enterprise employees. It contains all the documentation related to the selection and hiring of Enterprise employees. Individuals applying for positions at the Enterprise agencies, as well as Enterprise agency supervisors, use Vurv.

Supervisors are responsible for hiring employees. While most of the hiring process is documented in the Vurv module within AccessHR (see text box), certain steps in the process are conducted outside of Vurv (such as interviewing, checking references, or reviewing college transcripts). It is possible that job applicants do not include all the minimum job requirements in their applications and, instead, provide this information to the supervisor at a later time. The Commission's policies and procedures require supervisors to send all hiring documentation to

Convergys so this information can be imaged and attached to the job requisition. However, Convergys does not have a process to ensure that supervisors submit this documentation.

Recommendations

The Commission should:

- Ensure that Enterprise agency supervisors hire applicants who meet the minimum job requirements detailed in the job requisition.
- Ensure that Enterprise agency supervisors submit hiring documentation to Convergys.

Management's Response

To ensure that HHS supervisors hire applicants who meet the minimum job requirements detailed in the job requisition, HHS HR will direct Convergys to review the application documents on each top candidate who receives a job offer.

The hiring manager will submit all selection documents to the Convergys Hiring Specialist on individuals receiving a job offer. The Hiring Specialist will review the application documents to ensure that job requirements are documented prior to releasing the job requisition for hiring the candidate.

Estimated Completion Date:

September 2008 Initiate new review process.

Title of Responsible Person:

Director of Human Resources

Chapter 4-D

The Commission Is in Substantial Compliance with the Requirements for Fair Labor Standards Act Determinations

The Commission is in substantial compliance with the Fair Labor Standards Act (FLSA) in determining the non-exempt status for employees earning less than \$23,660 annually. Under FLSA, employees earning less than \$23,660 annually are classified as “non-exempt” and must receive overtime pay.

Auditors tested the annual salary and FLSA status for all employees who earned less than \$23,660 annually and were employed at the Enterprise agencies from September 1, 2006, through March 31, 2008. A total of 21,906 of those 21,910 employees (nearly 100 percent) had the appropriate FLSA status of “non-exempt.” Auditors informed the Commission about the four positions with potentially incorrect FLSA determinations.

Employees may have a “non-exempt” status and have an annual salary greater than or equal to \$23,660 if they do not meet the job duty requirements for exemption from the FLSA. Auditors did not test whether the FLSA status for employees with annual salaries greater than or equal to \$23,660 was appropriately determined.

Recommendation

The Commission should ensure that employees who earn less than \$23,660 annually have a non-exempt FLSA designation.

Management’s Response

All full-time employees who earn less than \$23,660 annually have been identified and are designated as non-exempt FLSA. HHS Human Resources will conduct quarterly reviews to ensure compliance with the FLSA salary test.

Estimated Completion Date:

September 2008 Review fourth quarter fiscal year 2008.

Title of Responsible Person:

Director of Human Resources

The Commission Is in Compliance with the Requirements Regarding the Hiring Process

Based on the controls in Vurv and its policies and procedures, the Commission has controls to ensure it complies with applicable laws and agency policies and procedures regarding the hiring process for new employees.

Enterprise Agency Employee Hiring Process

- Hiring manager creates job requisition in Vurv.
- Convergys hiring specialist and agency second level manager review job requisition and approve or deny in Vurv.
- Job requisition posted in Vurv.
- Individuals apply for position online in Vurv or by faxing application. Faxed applications are imaged in Vurv.
- Hiring manager reviews applications and selects applicants to interview in Vurv.
- Hiring manager interviews applicants in person.
- Hiring manager selects applicant to hire and extends offer in Vurv.
- Criminal background checks and competency tests are completed (if applicable).
- Convergys hiring specialist, agency second level manager, and agency budget staff review offer and approve or deny in Vurv.
- Applicant accepts or rejects offer, and the decision is entered into Vurv.

Most of the steps in the hiring process are automated and occur within the Vurv module in AccessHR (see text box for additional details). The Vurv module maintains the job requisition, information regarding all applicants and their applications, and a transaction history of the hiring process for each job requisition. For the steps in the hiring process that are not automated, such as conducting interviews or reference checks, the supervisor's documentation is imaged and attached to the job requisition in Vurv. The Commission's policies and procedures require Enterprise agency supervisors to send all their hiring documentation to Convergys.

The primary decision steps in the hiring process, such as posting the job and extending an offer, require review and approval from a second level supervisor and a Convergys hiring specialist. Therefore, there are controls to ensure that job requisitions contain appropriate information, applicants who are hired meet minimum job requirements, and the final hiring decision is thoroughly documented. The Commission's policies and procedures have detailed information for the steps in the hiring process that do not require approval from the second level supervisor or a

Convergys hiring specialist, such as selecting applicants to interview, conducting interviews, and performing reference checks.

Enterprise agency supervisors perform the majority of the hiring of new employees. However, at some agencies, supervisors are not responsible for the entire hiring process, and other employees are assigned to perform certain parts of the process. These designated employees have the role of "job requisition coordinators" and help with the posting of positions and the screening of applicants. However, most job requisition coordinators do not make hiring decisions. Most of the Enterprise agencies do not have a centralized hiring function, and the job requisition coordinators have other duties in addition to helping supervisors hire employees.

However, the Department of Family and Protective Services (DFPS) has a centralized hiring function, and its job requisition coordinators perform only hiring duties. At DFPS, the job requisition coordinators are called “hiring specialists” and are responsible for the entire hiring process, including making hiring decisions. The hiring specialists do not perform hiring for all of DFPS; instead, they perform hiring only for certain programs and not for supervisors (see text box for additional details).

Hiring Specialists at the Department of Family and Protective Services (DFPS)

DFPS hiring specialists hire for the following programs at DFPS:

- Child Protective Services.
- Adult Protective Services.
- Administrative Technicians.
- Caseworkers.
- Child Care Licensing.

Table 4 summarizes the results of auditors’ survey regarding employee hiring and selection.

Table 4

Responses from Supervisors at All Health and Human Services Agencies to The 2008 State Auditor’s Office’s Human Resources Survey Regarding Employee Hiring and Selection				
Survey Statement	Strongly Agreed or Agreed	Strongly Disagreed or Disagreed	Neutral	Average Score ^a
I believe the hiring process in this agency is fair and objective.	70%	14%	16%	3.7
I understand or know where to find information on appropriately posting job advertisements.	80%	11%	9%	3.87
I understand or know where to find information on screening applicants to ensure they meet minimum qualifications for a job.	78%	13%	9%	3.81
I receive adequate feedback on developing and writing effective and legal interview questions.	49%	30%	21%	3.2
I understand or know where to find information to appropriately conduct reference checks on applicants.	60%	19%	21%	3.49
I understand or know where to find information on requesting criminal background checks on applicants.	52%	26%	22%	3.29
I understand how to on-board (hire) employees correctly in the AccessHR system.	49%	27%	24%	3.25
The new hire checklist available online is a useful tool.	59%	12%	29%	3.58
I understand what records and paperwork must be completed after I hire an employee.	69%	14%	17%	3.66
^a The scale of survey scores ranged from strongly disagreed (1) to strongly agreed (5).				

The Commission Is In Compliance with the Requirements Regarding Conducting Pre-Employment Criminal Background Checks

The Commission is in compliance with applicable laws and agency policies and procedures regarding conducting pre-employment criminal background checks. Auditors tested a random sample of Enterprise agency employees who were hired from September 1, 2006, through March 31, 2008, for positions requiring a criminal background check.

Records for all 120 employees tested had an indication that a pre-employment criminal background check had been performed. In addition, 114 (95 percent) employees tested had the date and pass/fail status of the criminal background check documented in the Vurv module of AccessHR; Convergys provided auditors with the pass/fail status of the criminal background checks for the other 6 employees.

The Commission's Pre-Employment Criminal Background Check Requirements

Criminal background checks must be conducted on all applicants for employment at:

- Department of State Health Services' mental health facilities.
- Department of Aging and Disability Services' mental retardation schools.
- Department of Assistive and Rehabilitative Services.
- Department of Family and Protective Services.

The Commission does not require pre-employment criminal background checks for its employees.

Source: *Health and Human Services Human Resources Manual*, Appendix A.

Convergys is responsible for determining which applicants require a criminal background check and for sending information to the Department of Public Safety for processing of the criminal background check. The Employee Relations Unit in the Commission's Human Resources Department receives the results of a check and determines whether the applicant passed or failed. The Employee Relations Unit notifies the Convergys hiring specialists, who enter the results of the criminal background check into Vurv. All results of criminal background checks are destroyed, and the only remaining documentation of these checks is the pass/fail status in Vurv.

Texas Government Code, Sections 411.081 and 411.084

Texas Government Code, Section 411.081, allows criminal justice agencies to disclose criminal history record information, but only to specific state agencies listed in the statute (the statute lists the Department of Aging and Disability Services, the Department of Assistive and Rehabilitative Services, the Department of Family and Protective Services, the Department of State Health Services, and the Health and Human Services Commission).

Texas Government Code, Section 411.084, allows criminal history record information to be obtained from the Department of Public Safety, but only to those agencies listed in other statutes. It also allows information to be obtained from the Federal Bureau of Investigation, but this information may be disclosed only to governmental entities.

Texas Government Codes, Sections 411.081 and 411.084, allow certain state agencies to receive criminal history record information from the Department of Public Safety and the Federal Bureau of Investigation. However, because Convergys is not a state agency, it cannot receive the actual results of the criminal background checks. Instead, Convergys must rely on the Commission's Employee Relations Unit to notify it about whether applicants pass or fail. The Commission's policies and procedures also allow certain programs to hire employees before the results of the criminal background checks are received. These two processes create the possibility that criminal background check information may be received but not entered into Vurv.

Recommendation

The Commission should ensure that pre-employment criminal background checks are conducted for Enterprise agency job applicants when required, and that the related pass/fail status is documented in Vurv.

Management's Response

HHS Human Resources and Convergys will continue to submit criminal background check (CBC) requests using the online Department of Public Safety Crime Records System and ensure that returned results are documented. The Department of Public Safety responses will continue to be verified to ensure one is received for each CBC requested.

Chapter 2 of the HHS HR Policy Manual explains the laws and policies on employment testing, examinations, and investigations used in making employment decisions. HHS HR Policy Manual (Appendix A) further defines the criminal history and registry clearance checks allowed for and mandated by law. Appendix B lists the agency-specific bars to employment. The accessHR Service Center staff use a due-diligence matrix to ensure the necessary criminal history and registry clearance checks are completed for job applicants for positions with the HHS agencies.

The Department of Family and Protective Services (DFPS) currently performs a CBC on applicants who are provided a job offer. DFPS is recommending that annual CBCs be conducted on all agency employees. Employees whose record reveals a conviction for an offense classified as a bar to employment

will be separated or removed from the position. The employment status of employees whose records reveal a conviction for an offense classified as a possible contraindication to employment will be evaluated on a case-by-case basis and may be retained, transferred, demoted, or dismissed depending on the offense. HR policy will be revised to reflect the annual check for DFPS employees. In addition, DFPS internal procedures will be revised to incorporate the annual employee CBCs.

Estimated Completion Dates:

September 2008 Continue conducting CBCs on applicants.

October 2008 Complete assessment of DFPS recommendation for annual checks.

November 2008 Revise HR Policy, as applicable.

November 2008 Revise DFPS internal CBC procedures.

Title of Responsible Person:

Director of Human Resources

The Commission Should Improve Its Compliance with Requirements Regarding Employee Records

The Commission is in minimal compliance with its policies and procedures for the maintenance of employee records. The Commission's Employee Records Management Unit maintains images and all personnel files for the Enterprise agencies. However, the Commission cannot always ensure that personnel files are complete and contain only allowable documents.

The Commission is in minimal compliance with the requirements for maintaining employee records.

Auditors selected a random sample of 150 personnel files for individuals employed between September 1, 2006, and March 31, 2008, to test for compliance with agency policies and procedures (see text box) and identified the following:

Personnel Files

The following records should not be included in an employee's personnel file:

- Medical information.
- Equal Employment Opportunity (EEO) information.
- Employment verification forms (I-9 forms).
- Legal/investigative documents.
- Administrative complaints.
- Employee grievance records.

Sources: *Health and Human Services Human Resources Manual*, Chapters 1 and 14; and Society of Human Resource Management (SHRM), *Maintenance of Personnel Files and Records*, Donn Broich, December 1997.

- 12 of 150 (8 percent) personnel files selected for testing could not be located.
- 20 of 138 (14 percent) personnel files tested contained employee medical information that should not have been in the files.
- 57 of 138 (41 percent) personnel files tested contained Equal Employment Opportunity (EEO) information that should not have been in the files.

Additionally, 30 of 71 (42 percent) personnel files tested contained I-9 forms that should not have been in the files. (See Chapter 4-A for more information on testing related to I-9 forms.)

None of the personnel files tested contained employee complaint or employee grievance documents.

The Commission should ensure that required documents are maintained in personnel files.

Section 3.1.021 of the Texas State Retention Schedule requires agencies to maintain documentation of cause of dismissal in the personnel file for five years after the date of termination. Fifty-one of 73 (70 percent) staff whose employment was involuntarily terminated between September 1, 2006, and March 31, 2008, did not have written documentation of the cause of dismissal in their personnel files.

Auditors also reviewed whether the personnel files contained all new hire documents that are required to be sent for imaging and found that a substantial number of those documents were missing from the files.

The Commission’s Employee Records Management Unit has one employee responsible for processing employee records to be imaged for the Enterprise agencies. The Commission relies on Enterprise agency supervisors to send complete and appropriate documents for imaging. However, supervisors may not be aware of the specific documents they are required to submit because they have not attended required training courses (see Chapter 1 for additional information on supervisor training). According to the results of auditors’ survey, 52 percent of supervisors strongly disagreed or disagreed that they were aware of which records are required to be sent for imaging (see Table 5). Including inappropriate records in an employee’s file could lead to inadvertent disclosure of private information and could subject the Commission to lawsuits.

Table 5

Responses from Supervisors at All Health and Human Services Agencies to The 2008 State Auditor’s Office’s Human Resources Survey Regarding Employee Records and Documentation				
Survey Statement	Strongly Agreed or Agreed	Strongly Disagreed or Disagreed	Neutral	Average Score ^a
I understand or know where to get information on appropriately maintaining employee records.	53%	29%	18%	3.26
I understand what records should be sent for imaging within our agency.	29%	52%	19%	2.70

^a The scale of survey scores ranged from strongly disagreed (1) to strongly agreed (5).

Recommendations

The Commission should:

- Clarify its policy on documentation requirements for personnel files and ensure Enterprise agency supervisors are aware of the documentation they are required to submit for scanning into AccessHR.
- Remove records that have been erroneously placed in personnel files and scan only appropriate information into these records.
- Train Enterprise agency supervisors on how to document employee terminations, and ensure that written notices of cause of employment termination are maintained in personnel files.

Management's Response

HHS Human Resources Policy Manual will be revised to clarify for managers the documentation requirements for personnel files.

The HR Records Management Unit will review each submitted paper document to ensure that it meets the requirements for entry into the personnel file. To ensure a personnel file is developed for each new employee, a monthly new-hire report will be created from data in the HHSAS HRMS system. HR Records Management Unit staff will compare new employee records between the Neubus Employee Records System and the HHSAS HRMS system to validate that a file has been established. The manual comparison will identify any missing employee records or employees who do not have a personnel file. HR Records Management Unit staff will contact managers when discrepancies are identified.

HHS HR staff will provide managers assistance with involuntary separations. The separation notifications are reviewed by HR staff and a process has been put in place to ensure the final notifications are placed in the individual's personnel file. A new course called "Hiring Employees with Success" for HHS employees who are involved in the hiring process will provide instructions on submitting the new employee documents to the Records Management Unit for imaging.

Estimated Completion Dates:

September 2008 Personnel file comparison process initiated.

November 2008 HR Policy revision completed.

November 2008 Training deployed.

Title of Responsible Person:

Director of Human Resources

The Commission Is in Substantial Compliance with Selected Employee Compensation and Benefits Requirements, But It Should Improve Its Compliance with Requirements Regarding Performance Evaluations

Compensation and Benefits

Auditors tested the Commission's compliance with requirements in the following areas:

- Performance evaluations.
- Merits.
- Payment for overtime.
- Enrollment of employees in health insurance benefits.
- Promotions.

The Commission is in substantial compliance with applicable laws and agency policies and procedures regarding selected employee compensation and benefits requirements. For the five areas audited:

- The Commission is not in compliance with the requirements for one area (performance evaluations).
- The Commission is in substantial compliance with the requirements for one area (merits).
- The Commission is in compliance with the requirements for three areas (paying overtime, enrolling employees in health insurance benefits, and awarding promotions).

Chapter 6-A

The Commission Is Not in Compliance with the Requirements for Performance Evaluations

The Commission is not in compliance with its policies and procedures regarding performance evaluations. Performance evaluations are a tool used to support management's decisions on employee compensation.

The Commission's policies and procedures require supervisors to complete annual performance evaluations for their employees in AccessHR. However, only 32 of 124 (26 percent) employees tested had a performance evaluation completed by a supervisor and acknowledged/signed by the employee from September 1, 2006, through March 31, 2008. Only 18 of the 32 (56 percent) were completed in AccessHR, and the remaining 14 were hard copy evaluations.

A total of 92 of 124 (74 percent) employees tested did not have a performance evaluation completed from September 1, 2006, through March 31, 2008. Specifically,

- 23 of 92 (25 percent) employees tested did not have a performance evaluation in AccessHR or a hard copy performance evaluation.
- 47 of 92 (51 percent) employees tested did not have a completed performance evaluation (for an evaluation to be complete, a supervisor must have evaluated the employee and the employee must have acknowledged or signed the form).

- 22 of 92 (24 percent) employees tested had performance evaluations dated outside of the time period from September 1, 2006, through March 31, 2008.

The Commission's policies and procedures state that the primary purpose of performance evaluations is to provide meaningful feedback, in person and in writing, on how well the employee is performing. Texas Government Code, Section 659.255, and the Commission's policies and procedures allow merit increases and one-time merits to be awarded to employees only if their job performance and productivity are consistently above that normally expected or required. By granting merits without having completed performance evaluations, supervisors may be awarding merits to employees whose performance did not meet these requirements. Without current performance evaluations, there is no documentation available to support that merits were awarded based on performance.

Performance Plans

Performance plans are a tool for employees to be informed about their job description, job functions, performance standards, and the performance levels required for their position.

Supervisors should complete performance plans within 30 days of the hiring of a new employee (new to the agency or new to the manager) or if an employee's responsibilities significantly change.

Source: *Health and Human Services Human Resources Manual*, Chapter 9.

Supervisors are notified within AccessHR when a performance evaluation is due. However, this notification is sent only if a performance plan has been created in the system (see text box for additional information on performance plans). If there is no performance plan in AccessHR, then supervisors will not receive notification that it is time to complete a performance evaluation. A total of 128 of 150 (85 percent) employees tested had a performance plan in AccessHR. However, only 56 of the 128 (44 percent) employees tested had acknowledged their performance plans.

In addition, Enterprise agency supervisors are unable to monitor whether performance evaluations are being performed in AccessHR. The performance evaluation module in AccessHR does not have the ability to provide reports specifying which supervisors have completed performance plans and evaluations for their employees. Convergys is updating the performance evaluation module to allow supervisors to enter information regarding whether performance plans and evaluations were completed in hard copy, and to allow supervisors to run reports on performance plans and evaluations.

The Commission's policies and procedures require performance evaluations to be completed in AccessHR, but some supervisors are still completing hard copy performance evaluations instead. A total of 36 of 101 (36 percent) employees tested had hard copy performance evaluations. Some hard copy performance evaluations are sent to the Commission's Human Resources Department to be included in the employee's personnel file. However, in the absence of policies and procedures regarding hard copy performance evaluations, supervisors may not be aware that a copy of the performance evaluation should be sent to the Human Resources Department. It is possible

that supervisors may be completing hard copy performance evaluations and not sending them to the Human Resources Department to be put in the employee's personnel file. According to auditors' survey results, 56 percent of supervisors surveyed responded that performance evaluations are maintained in their possession.

Recommendations

The Commission should:

- Ensure that Enterprise agency supervisors complete performance plans and evaluations for their employees. The Commission also should consider requiring its Human Resources Department to monitor compliance with this requirement.
- Ensure that Enterprise agencies send hard copy performance evaluations to the Commission's Human Resources Department.

Management's Response

The Employee Performance Management (EPM) system has been enhanced to make it easier for managers and employees to use. Screen pages have been modified with improved messaging to make it clear what steps are required. The number of steps required of the manager in developing a performance plan and performing an evaluation has been reduced. Improved reporting capabilities will provide information to supervisors regarding performance evaluations for each of their direct reports to identify the date of the last evaluation. The revised application is currently being tested by selected users to ensure the enhancements work correctly.

These new reports will assist managers in identifying any employees who have not been evaluated in a timely manner. HHS Human Resources will review available system reports to assist agency management in complying with existing performance management policy.

The improved EPM system will provide a means for supervisors to record evaluation dates for evaluations completed off-line. The off-line records will be entered by managers into the EPM database using the accessHR portal. Once entered into the system, these records will be reflected in the EPM system database and reports. Off-line hardcopy evaluations will be submitted to the HR Records Unit for placement in the employees personnel file.

All online Help and User Guides will be revised to reflect the new enhancements. Web demonstrations will provide information and training to supervisors on the improved EPM system.

Estimated Completion Dates:

September 2008 Enhancements placed into system production.

September 2008 Reporting and monitoring initiated.

September 2008 Off-line entry available.

Title of Responsible Person:

Director of Human Resources

Chapter 6-B

The Commission Is in Substantial Compliance with the Requirements for Awarding Merits

Merits and Related Requirements

Agencies may award merit increases and one-time merits to an employee who meets these criteria:

- The employee must have been employed by the agency in that position for at least six continuous months before the effective date of increase or effective date of payment for one-time merits.
- The effective date of increase or payment is at least six months after the effective date of the employee's last promotion, merit increase, or one-time merit.

Source: Texas Government Code, Section 659.255.

The Commission is in substantial compliance with Texas Government Code, Section 659.255, and its policies and procedures regarding awarding merit increases and one-time merits. While merit increases were appropriately awarded, one-time merits were not consistently awarded in compliance with applicable laws. The Commission's policies and procedures for merit increases and one-time merits are consistent with Texas Government Code, Section 659.255, except for the requirement that the employee must have been employed in the same position for at least six continuous months. This requirement is not included in the Commission's policies and procedures.

Auditors tested a random sample of Enterprise agency employees who received merit increases or one-time merit awards from September 1, 2006, through March 31, 2008. A total of 148 of 150 (99 percent) merit increases and one-time merits tested were awarded in compliance with the Texas Government Code and Commission policies and procedures. Two of 150 (1 percent) one-time merits were awarded to employees who had not been in the same positions for at least six continuous months, as required by Texas Government Code, Section 659.255.

Merits are requested by supervisors through AccessHR, which has some edit checks that review employees' eligibility to receive merit increases or one-time merits. However, AccessHR and the background system, PeopleSoft, do not have edit checks to ensure that employees have been employed in the same position for at least six continuous months.

Recommendations

The Commission should:

- Ensure that employees have been in the same position for at least six continuous months before Enterprise agencies award merits. The Commission also should consider the feasibility of implementing an edit check in AccessHR to confirm that an employee has held the same position for at least six continuous months prior to receiving a merit.
- Update its merit policies and procedures to include the requirement that employees be in the same position for six continuous months before being eligible to receive merits.

Management's Response

Current HR policy reflects the guidance addressed in the Texas HR Management Statutes Inventory referenced in Merit Increases for State Agency Employees, p. 85. We have discovered a conflict in the language between Government Code 659.255 and the Inventory as related to the six months of continuous employment in a classified position. HHS HR will revise HR Policy to realign with Government Code 659.255.

Estimated Completion Date:

November 2008 HR Policy revision completed.

Title of Responsible Person:

Director of Human Resources

The Commission Is in Compliance with Requirements Regarding Paying Overtime, Enrolling Employees in Health Insurance Benefits, and Awarding Promotions

The Commission paid overtime, enrolled employees in health insurance benefits, and awarded promotions in compliance with applicable laws and Commission policies and procedures.

Overtime Payment Requirements

Employees are required to use overtime earned as compensatory leave, rather than be paid for the time. However, employees are paid for overtime if they:

- Transfer agencies.
- Terminate.
- Earn more than 240 hours.
- Receive authorization from the agency head.

Sources: Texas Government Code, Section 659.015, and Commission policies and procedures.

Overtime

The Commission is in compliance with Texas Government Code, Section 659.015, and its policies and procedures regarding the payment of overtime. Auditors tested a random sample of Enterprise agency employees who were paid overtime from September 1, 2006, through March 31, 2008. All 150 overtime payments tested were paid in compliance with Texas Government Code, Section 659.015, and Commission policies and procedures.

Health Insurance Benefits Requirements

For new employees, coverage is effective the first day of the month after the 90th day of employment.

For employees transferred from another state agency, coverage is effective the first day of employment if there has been no interruption in employment.

Sources: Texas Insurance Code, Section 1551.1055, and Commission policies and procedures.

Health Insurance Benefits

The Commission is in compliance with Texas Insurance Code, Section 1551.1055, and its policies and procedures for enrolling employees in health insurance benefits. Auditors tested a random sample of Enterprise agency employees hired from September 1, 2006, through March 31, 2008. All 121 employees tested were enrolled in health insurance benefits in compliance with Texas Insurance Code, Section 1551.1055, and Commission policies and procedures.

Promotions

The Commission is in compliance with Texas Government Code, Section 659.256, and its policies and procedures for awarding promotions (including specific requirements for promotions regarding the salary groups and salary rates that can be granted based on an employee's prior salary group and rate). Auditors tested a random sample of Enterprise agency employees who received promotions from September 1, 2006, through March 31, 2008. All 150 promotions tested were awarded in compliance with Texas Government Code, Section 659.256, and Commission policies and procedures.

Table 6 summarizes responses to auditors' survey questions regarding compensation and benefits.

Table 6

Responses from Supervisors and Employees at All Health and Human Services Agencies to The 2008 State Auditor's Office's Human Resources Survey Regarding Compensation and Benefits				
Survey Statement	Strongly Agreed or Agreed	Strongly Disagreed or Disagreed	Neutral	Average Score ^a
Supervisors:				
My leave balances (sick, vacation, etc.) have been correct in the past six months.	91%	3%	6%	4.26
My paycheck has been correct in the past six months.	93%	3%	4%	4.30
My benefits (medical, dental, and life insurance, etc.) have been correct in the past six months.	93%	3%	4%	4.30
Employees:				
My leave balances (sick, vacation, etc.) have been correct in the past six months.	85%	6%	9%	4.11
My paycheck has been correct in the past six months.	89%	4%	7%	4.19
My benefits (medical, dental, and life insurance, etc.) have been correct in the past six months.	88%	3%	9%	4.19
^a The scale of survey scores ranged from strongly disagreed (1) to strongly agreed (5).				

The Commission Substantially Complies with Requirements Regarding Complaint Resolution, But It Should Improve Its Compliance with Certain Requirements

Although the Commission substantially complies with requirements regarding complaint resolution, it should improve certain aspects of its compliance. The Commission's Civil Rights Office monitors administrative complaints, investigates discrimination complaints, and ensures management responses are submitted in a timely manner. According to the results of auditors' survey, 63 percent of employees strongly agreed or agreed that they understood or knew where to get information for assistance on employee grievances and complaints. Additionally, 58 percent strongly agreed or agreed that they knew whom to contact if they have a grievance or complaint.

Employees submit complaints within the timelines required. However, complaint notices provided to management do not always comply with Commission policy. In addition, management responses are not always submitted in compliance with policy.

The Commission's Civil Rights Office should ensure administrative complaints are addressed in compliance with its policy.

Administrative complaints are made by employees who have a complaint about a violation of policy or acts between co-workers or supervisors. Commission policy requires employees to submit administrative complaints to their immediate supervisor¹ within 20 work days from the date of the alleged

incident. For 29 of 30 (97 percent) complaint files reviewed, employees submitted the complaint in accordance with policy. However, management is not always addressing them in a timely manner (see text box for the timelines for responding to complaints). Specifically:

Commission Timelines for Responding to Administrative Complaints

Supervisors are required to respond to administrative complaints within the following timelines:

- First level supervisor: Response due within 15 work days of receipt.
- Second level supervisor: Response due within 15 work days of receipt.
- Third level (final) supervisor: Response due within 10 work days of receipt.

Source: *Health and Human Services Human Resources Manual*, Chapter 12.

- For 5 of 24 (21 percent) complaint files reviewed, responses from the first level supervisor were not provided within 15 work days of receipt as required by policy.
- For appeals, 2 of 9 (22 percent) responses from the second level supervisor and 1 of 4 (25 percent) responses from the third level supervisor were not submitted in accordance with policy.

Commission policy requires employees and supervisors to submit a copy of the complaint, and any responses, to the Civil Rights Office. Although policy

¹ If the complaint is against the first level supervisor, the complaint is submitted to the next level supervisor in the employee's chain of command.

requires staff to enter complaint deadlines into the Civil Rights Tracking and Reporting System (CRTRS), the system does not have a date field for staff to perform this task.

The Commission's Civil Rights Office should ensure that the documentation it maintains for discrimination complaints supports its compliance with policy.

Discrimination complaints deal with workplace actions or events that the employee believes took place based on factors such as race, color, religion, sex, national origin, age, disability, veteran status, or retaliation. Commission policy requires employees to submit discrimination complaints to the Civil Rights Office within 20 work days from the date of the alleged incident. Employees also may submit a discrimination complaint to the Texas

Workforce Commission within 180 calendar days or to the U.S. Equal Employment Opportunity Commission within 300 calendar days from the date of the alleged incident. All 30 discrimination complaints auditors tested were filed by employees in accordance with policy.

Commission Timelines for Responding to Discrimination Complaints

Internal Complaints:

The Civil Rights Office is required to respond to discrimination complaints within the following timelines:

- The Civil Rights Office should notify the respondent within 10 work days of receiving a complaint.
- The respondent has 15 work days to submit response to notice.
- A predetermination interview is required with the complainant prior to issuing a final report.

External Complaints:

- The Civil Rights Office should provide written notice to management within three work days of receiving external complaint.
- The Civil Rights Office should respond to external agency by due date in notification letter.

Sources: *Health and Human Services Human Resources Manual*, Chapter 12, and *Civil Rights Office Procedures Guide*.

For internal complaints, auditors identified the following:

- Notice to responsible parties for 4 of the 15 (27 percent) complaints tested was not made within 10 work days as required.
- None of the 13 complaint files tested contained documentation of the predetermination interview.
- Respondents responded to all 14 internal complaints tested within 15 work days as required.

For external complaints, audit testing identified the following:

- For 4 of the 9 (44 percent) complaints tested, management was not notified within 3 work days of receipt of the complaint as required.
- For 2 of 9 (22 percent) external complaint responses tested, the responses were not submitted to the external agency by the required due date.

Recommendations

The Commission should:

- Consider adding a field to capture key dates for administrative complaints in its complaint tracking system to enable tracking of employee and management responses to complaints.

- Ensure that it complies with internal procedures for documenting internal and external complaints.

Management's Response

The HHS Civil Rights Office (CRO) is taking a number of steps to enhance monitoring of complaints and documentation of compliance with policies and procedures. The current civil rights tracking and reporting system was specifically designed for tracking the activity and results of actions of CRO staff investigating discrimination complaints. The CRO is completing development of an additional system, called the Administrative Compliant Tracking System, which will be used to track due dates and completion dates for actions required of employees and managers tasked with responding to administrative complaints. This system is being designed to alert CRO staff of due dates for each step of the process. CRO staff will notify supervisors of due dates for their responses and, if due dates are not met, will notify the next level of supervision that a required response has not been received.

To improve its compliance with internal procedures, CRO will develop checklists that outline timeline and documentation requirements, procedures for notifying staff of due dates and documentation requirements for specific actions, and additional requirements for case review by management. CRO will include these checklists in the Civil Rights Procedures Guide.

Estimated Completion Dates:

September 2008

Title of Responsible Person:

Director Civil Rights Office

The Commission Is In Substantial Compliance with Requirements Regarding Information Technology Processes, But It Should Improve Its Compliance with Certain Requirements

The settings for AccessHR password security requirements are appropriate, but user access accounts do not always comply with laws and regulations. Additionally, the Commission's login parameters at the database level do not comply with industry standards.

User access to AccessHR does not always comply with laws and regulations.

Users of information resources are assigned a unique identifier (ID) prior to gaining system access. According to Title 1, Texas Administrative Code, Chapter 202, access authorization should be modified or removed when the user's employment or job responsibilities are changed. During testing, auditors identified:

- Three user IDs for AccessHR that were used for testing and were no longer needed.
- One user ID for AccessHR that did not have a user assigned to it.
- Two user IDs for AccessHR that were still active although the users' employment had changed.

The Commission should have removed these user IDs when users left employment or when testing was completed.

The Commission should limit direct access to the AccessHR database.

Sixteen users have profiles allowing them direct write/update access to the AccessHR database, and only two of these users are database administrators. The remaining 14 users do not require this level of access to AccessHR. Although auditors are not aware of any unauthorized access to AccessHR, allowing users to have direct read/write access to the database bypasses the security controls in AccessHR and places the confidential data at unnecessary risk of being changed or exposed.

The Commission should ensure that login parameters meet industry standards.

According to Title 1, Texas Administrative Code, Chapter 202, information resources systems that use passwords should have login parameters that are based upon industry best practices for password usage. In the AccessHR database, the "failed_login_attempts" parameter is set to "default," which means user accounts are not locked after a given number of failed attempts to access the database. Because the number of login attempts is unlimited, this increases the risk of unauthorized access to the data.

Recommendations

The Commission should:

- Review user accounts and remove the access of users who do not need it to perform their job responsibilities.
- Establish a “failed_login_attempts” parameter for the AccessHR database.

Management’s Response

Regarding the SAO Recommendation: Review user accounts and remove the access of users who do not need it to perform their job responsibilities.

HHSC has taken action to remove the user IDs used for testing that were no longer needed, that did not have a user assigned, and that were still active although the users’ employment had changed. Monthly queries will be run to verify removal of user IDs when users leave employment or when testing is completed.

A review of the fourteen users in question identified that five of the users consisted of HHSC IT Oversight and Human Resources staff that did not require direct write/update access privileges to perform their job responsibilities. Access for these individuals will be restricted to read-only access to the AccessHR database.

HHSC will direct Convergys to conduct an analysis of the remaining nine users to determine whether direct write/update access privileges to the AccessHR database is required to perform their job responsibilities. Based upon the results of this analysis, HHSC will direct Convergys to take appropriate action to limit or remove access that is found to be inconsistent with existing responsibilities.

Estimated Completion Dates:

<i>August 20, 2008</i>	<i>Removal of user IDs</i>
<i>August 20, 2008</i>	<i>Implement monthly queries</i>
<i>September 15, 2008</i>	<i>Restrict HHSC staff to read-only access</i>
<i>October 1, 2008</i>	<i>Complete analysis of remaining nine users</i>

Title of Responsible Person:

HHSC Enterprise IT – Manager of Enterprise Security Management

Regarding the SAO Recommendation: Establish a “failed_login_attempts” parameter for the accessHR database.

Enterprise Security Management will coordinate with Convergys and request that the parameters be changed from the current setting of “default”, to a limit of three unsuccessful log-on attempts. This means that after three unsuccessful attempts to log directly into the HR production database the user account will be locked from further use. This security change will ensure a uniform login and password security policy across the entire AccessHR application environment.

Estimated Completion Date:

September 2008

Title of Responsible Person:

HHSC Enterprise IT – Manager of Enterprise Security Management

Appendices

Appendix 1

Objective, Scope, and Methodology

Objective

The objective of this audit was to determine whether health and human services agencies are complying with laws, policies, and procedures regarding human resources management, including selections from the most recent State Classification Office's *Texas Human Resources Management Statutes Inventory*.

Scope

The scope of this audit covered the period from September 1, 2006, through July 31, 2008. Auditors reviewed employee hiring and selection, training, compensation and benefits, and employee relations.

The audit also reviewed internal control processes and procedures for the AccessHR automated human resources service portal and related information system components.

Methodology

The audit methodology included collecting information and documentation; reviewing policies and procedures, statutes, and rules for human resources management; performing selected tests and other procedures; analyzing and evaluating the results of the tests; and conducting interviews with the Enterprise agencies' management and Convergys' management and staff. In addition, auditors sent a Web-based survey to a random sample of employees and supervisors at the Enterprise agencies.

Information collected and reviewed included the following:

- Policies and procedures of the Enterprise agencies for human resources activities and payroll, time, and leave.
- Policies and procedures for contractor (Convergys) related to AccessHR.
- Payroll, payroll actions, and termination data obtained from the Standardized Payroll/Personnel Reporting System.
- Enterprise agencies' employee data obtained from the Health and Human Services Commission's (Commission) PeopleSoft (Core) System.
- Training and performance evaluation data obtained from AccessHR.

- Hiring and selection data from the Vurv module in AccessHR (recruiting and staffing application).
- Employee personnel files.
- Performance measure reports for employee overpayments (self-reported).
- Grievance and complaints policies and procedures and reports, including the final processing and disposition of employee grievances.
- Service level agreements provided by the Enterprise agencies.
- Exit survey support documents provided by Convergys, and exit survey data provided by the State Auditor's Office's State Classification Team.
- Commission administrative training survey conducted by Human Resources Department.

Procedures and tests conducted included the following:

- Interviewed management and key staff at Enterprise agencies and contractors.
- Reviewed and tested policies and procedures related to employee and supervisor training.
- Reviewed performance measure reports for overpayments to terminated employees.
- Reviewed data provided by Commission on emergency leave for annual criminal background checks at the Department of Aging and Disability Services.
- Reviewed and tested policies and procedures and applicable laws related to employee hiring and selection.
- Reviewed and tested policies and procedures, as well as applicable state retention requirements, related to employee records management.
- Reviewed and tested policies and procedures and applicable laws related to selected employee compensation and benefits.
- Reviewed and tested policies and procedures related to employee administrative and discrimination complaints.
- Reviewed and tested agency and contractor policies and procedures and applicable laws related to AccessHR.
- Reviewed and followed up on issues identified in a February 2007 Commission internal audit report of AccessHR.

- Reviewed and analyzed agency responses to State Auditor's Office survey.

Criteria used included the following:

- Titles 1, 13, and 40, Texas Administrative Code.
- Texas Government Code, Chapters 411, 441, 531, 552, 572, 651, 654, 656, 659, 661, and 662.
- Texas Labor Code, Chapter 21.
- Texas Human Resources Code.
- Texas Health and Safety Code.
- Texas Insurance Code, Chapter 1551.
- U.S. Family Medical Leave Act.
- Fair Labor Standards Act of 1938.
- U.S. Department of Labor criteria.
- U.S. Department of Homeland Security criteria (Employee Eligibility Verification).
- Commission *Health and Human Services Human Resources Manual*.
- *Texas Human Resources Management Statutes Inventory* (State Auditor's Office Report No. 06-300, 2006-2007 Biennium).
- Society of Human Resource Management, *Maintenance of Personnel Files and Records*, Donn Broich, December 1997.

Project Information

Audit fieldwork was conducted from May 2008 through July 2008. We conducted this compliance audit in accordance with generally accepted government auditing standards. 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.

The following members of the State Auditor's staff performed the audit:

- Stacey Williams, CGAP (Project Manager)
- Brianna Lehman (Assistant Project Manager)

- Kelley Bellah
- Becki Franklin
- Priscilla Garza (Information Systems Audit Team)
- Anthony Patrick, MBA
- John Rios
- Rachel Snell, CFE, MPAff
- Serra Tamur, CIA, CISA, MPAff (Information Systems Audit Team)
- J. Scott Killingsworth, CIA, CGAP, CGFM (Quality Control Reviewer)
- Nicole Guerrero, MBA, CIA, CGAP (Audit Manager)

Summary of Employees and Expenditures at All Health and Human Services Agencies for Fiscal Year 2007

Table 7 presents information regarding employees, total expenditures, and payroll expenditures at all health and human services agencies.

Table 7

Summary of Employees and Expenditures at All Health and Human Services Agencies Fiscal Year 2007					
Agency	Average Number of Full-time Equivalent Employees (FTEs)	Number of Part-time Employees	Total Expenditures	Total Payroll Expenditures	Payroll Expenditures as a Percent of Total Expenditures
Department of Aging and Disability Services	14,040	88	\$ 5,491,359,697.83	\$553,367,294.26	10.08%
Department of Assistive and Rehabilitative Services	3,105	18	552,137,511.01	175,295,278.39	31.75%
Department of Family and Protective Services	9,285	57	1,285,659,618.69	436,101,979.93	33.92%
Department of State Health Services	11,557	273	2,824,655,613.37	551,334,628.33	19.52%
Health and Human Services Commission	9,309	24	21,369,601,947.00	453,467,649.04	2.12%
Totals	47,296	460	\$31,523,414,387.90	\$2,169,566,829.95	6.88%

Sources: Unaudited information from the Uniform Statewide Accounting System and the State Auditor's Office's Full-time Equivalent Employee System.

Human Resources Responsibilities of Convergys and the Health and Human Services Commission

The Health and Human Services Commission (Commission) provided the information in Table 8 regarding the human resources responsibilities of Convergys and the Commission.

Table 8

Convergys and Health and Human Services Commission Human Resources Responsibilities	
Convergys	Health and Human Services Commission
<ul style="list-style-type: none"> ▪ Time and leave collection and tracking (production support of time/leave system and Tier 1 end-user support on self-service tools). ▪ Payroll processing. ▪ Employment verification (new employees that are inter-agency transfers). ▪ Employee in and out processing (production support and Tier 1 end user support on self service tools). ▪ Workers' Compensation administration. ▪ Unemployment insurance. ▪ Insurance. ▪ Job audits. ▪ Fair Labor Standards Act determinations. ▪ Performance evaluations (production support and Tier 1 end-user on self-service tools). ▪ Administrative training and staff development (Web-based training and learning management system). ▪ Employment recruitment and selection. ▪ Job postings. ▪ Application processing and benefits support. ▪ Information technology support of production system and application. 	<ul style="list-style-type: none"> ▪ Employee relations. ▪ Policy. ▪ Workforce planning. ▪ Payroll certification. ▪ Monitoring. ▪ Analyzing and implementing legislated mandates. ▪ Position control and management. ▪ Labor accounting. ▪ System testing. ▪ System security and oversight of Convergys contract.

State Auditor's Office Human Resources Survey Results

The State Auditor's Office conducted a survey of a random sample of supervisors and employees at the health and human services agencies. Surveys were sent to 633 of 5,765 supervisors (11 percent) and 2,431 of 44,725 employees (5 percent). Table 9 summarizes the response rate for supervisors and employees.

Table 9

Response Rates to the State Auditor's Office's 2008 Survey			
Agency	Number of Surveys Sent	Number of Surveys Submitted	Agency Response Rate
Employees			
Department of Aging and Disability Services	746	131	17.60%
Department of Assistive and Rehabilitative Services	151	82	54.30%
Department of Family and Protective Services	490	249	50.80%
Department of State Health Services	567	145	25.60%
Health and Human Services Commission	<u>477</u>	<u>179</u>	<u>37.50%</u>
Totals	2,431	786	32.33%
Supervisors			
Department of Aging and Disability Services	165	69	41.80%
Department of Assistive and Rehabilitative Services	36	28	77.80%
Department of Family and Protective Services	180	108	60.00%
Department of State Health Services	132	68	51.50%
Health and Human Services Commission	<u>120</u>	<u>66</u>	<u>55.00%</u>
Totals	633	339	53.55%

Supervisor and employee responses were based on the extent to which they agreed or disagreed, on a scale of 1 (strongly disagreed) to 5 (strongly agreed), with particular statements. An average score was calculated based upon responses provided by those who used or were familiar with each statement.

Tables 10 through 17 include a summary of survey results.

Table 10

Responses from Supervisors and Employees at All Health and Human Services Agencies to The 2008 State Auditor's Office's Human Resources Survey Regarding Communication										
Survey Statement	Strongly Agreed or Agreed		Strongly Disagreed or Disagreed		Neutral		Average Score ^a		Do Not Use/Not Familiar With ^b	
	Supervisor	Employee	Supervisor	Employee	Supervisor	Employee	Supervisor	Employee	Supervisor	Employee
My immediate supervisor provides valuable information on human resources updates and changes.	73%	68%	9%	12%	16%	18%	3.84	3.79	2%	2%
AccessHR (online) provides valuable information on human resources updates and changes.	52%	60%	17%	10%	24%	17%	3.42	3.70	7%	13%
Agency intranet provides valuable information on human resources updates and changes.	59%	56%	9%	7%	24%	19%	3.61	3.73	8%	18%
Connections or agency newsletter provides valuable information on human resources updates and changes.	66%	63%	8%	6%	20%	19%	3.71	3.78	6%	12%
E-mail updates provide valuable information on human resources updates and changes.	72%	69%	6%	7%	20%	17%	3.80	3.80	2%	7%
Division or staff meetings provide valuable information on human resources updates and changes.	63%	52%	15%	12%	18%	20%	3.58	3.55	4%	16%

**Responses from Supervisors and Employees at All Health and Human Services Agencies to
The 2008 State Auditor's Office's Human Resources Survey Regarding Communication**

Survey Statement	Strongly Agreed or Agreed		Strongly Disagreed or Disagreed		Neutral		Average Score ^a		Do Not Use/Not Familiar With ^b	
	Supervisor	Employee	Supervisor	Employee	Supervisor	Employee	Supervisor	Employee	Supervisor	Employee
Division memos provide valuable information on human resources updates and changes.	55%	40%	14%	11%	24%	23%	3.50	3.46	7%	26%
State human resources specialist provides valuable information on human resources updates and changes.	41%	25%	17%	9%	25%	18%	3.35	3.37	17%	48%

^a The scale of survey scores ranged from strongly disagreed (1) to strongly agreed (5).

^b These responses were not used in the calculation of the average score; average score was calculated based on responses from respondents who had used or were familiar with the communication mechanism.

Table 11

**Responses from Supervisors and Employees at All Health and Human Services Agencies to
The 2008 State Auditor's Office's Human Resources Survey Regarding Work Environment**

Survey Statement	Agency ^a	Strongly Agreed or Agreed		Strongly Disagreed or Disagreed		Neutral		Average Score ^b	
		Supervisor	Employee	Supervisor	Employee	Supervisor	Employee	Supervisor	Employee
Employees in this agency are free from concerns about discrimination.	DADS	58%	56%	20%	21%	22%	23%	3.39	3.37
	DARS	43%	48%	25%	33%	32%	20%	3.18	3.14
	DSHS	52%	43%	23%	24%	25%	33%	3.38	3.18
	DFPS	38%	52%	38%	25%	24%	23%	2.97	3.37
	HHSC	48%	47%	26%	26%	26%	27%	3.24	3.27
Employees in this agency are free from concerns about harassment.	DADS	57%	58%	17%	21%	26%	21%	3.37	3.40
	DARS	43%	51%	29%	27%	28%	22%	3.11	3.24
	DSHS	51%	44%	21%	21%	28%	35%	3.36	3.23
	DFPS	49%	56%	31%	17%	20%	27%	3.18	3.55
	HHSC	55%	54%	24%	20%	21%	26%	3.36	3.44
I work in an environment that is free of fear and intimidation.	DADS	55%	50%	26%	26%	19%	24%	3.37	3.32
	DARS	53%	50%	36%	31%	11%	19%	3.11	3.16
	DSHS	59%	52%	25%	28%	16%	20%	3.49	3.30
	DFPS	60%	60%	26%	20%	14%	20%	3.50	3.58
	HHSC	61%	62%	26%	21%	13%	17%	3.46	3.59

**Responses from Supervisors and Employees at All Health and Human Services Agencies to
The 2008 State Auditor's Office's Human Resources Survey Regarding Work Environment**

		Strongly Agreed or Agreed		Strongly Disagreed or Disagreed		Neutral		Average Score ^b	
Survey Statement	Agency ^a	Supervisor	Employee	Supervisor	Employee	Supervisor	Employee	Supervisor	Employee
If I raise any HR issues or concerns, I believe there will be no retaliation against me.	DADS	56%	48%	22%	23%	22%	29%	3.41	3.27
	DARS	61%	44%	28%	24%	11%	32%	3.21	3.13
	DSHS	62%	45%	26%	28%	12%	27%	3.42	3.22
	DFPS	53%	51%	30%	21%	17%	28%	3.30	3.40
	HHSC	59%	48%	20%	24%	21%	28%	3.46	3.32
I am aware of the process for reporting allegations of discrimination or harassment.	DADS	81%	81%	7%	7%	12%	12%	3.90	3.92
	DARS	86%	72%	7%	11%	7%	17%	3.89	3.72
	DSHS	81%	74%	7%	10%	12%	16%	3.96	3.80
	DFPS	74%	61%	12%	20%	14%	19%	3.69	3.54
	HHSC	92%	74%	2%	13%	6%	13%	4.12	3.80
If I have concerns regarding my immediate supervisor, I feel there are adequate resources to assist me with my concerns.	DADS	64%	59%	17%	21%	19%	20%	3.52	3.42
	DARS	57%	61%	39%	17%	4%	22%	3.00	3.48
	DSHS	70%	53%	21%	27%	9%	20%	3.62	3.27
	DFPS	67%	58%	18%	20%	15%	22%	3.59	3.53
	HHSC	71%	56%	12%	21%	17%	23%	3.73	3.46
In this agency, favoritism is not an issue in the decision-making processes.	DADS	45%	34%	28%	38%	27%	28%	3.04	2.88
	DARS	36%	28%	39%	37%	25%	35%	2.82	2.83
	DSHS	50%	26%	34%	45%	16%	29%	3.12	2.65
	DFPS	31%	34%	46%	39%	23%	27%	2.80	2.90
	HHSC	44%	31%	32%	38%	24%	31%	3.10	2.89
Human resources policies and procedures are consistently applied within my agency.	DADS	55%	51%	16%	18%	29%	31%	3.35	3.34
	DARS	43%	45%	32%	18%	25%	37%	2.96	3.25
	DSHS	41%	43%	31%	28%	28%	29%	3.14	3.16
	DFPS	43%	49%	24%	18%	33%	33%	3.19	3.45
	HHSC	56%	48%	20%	25%	24%	27%	3.39	3.32

^a Acronyms for agencies are: DADS—Department of Aging and Disability Services; DARS—Department of Assistive and Rehabilitation Services; DSHS—Department of State Health Services; DFPS—Department of Family and Protective Services; and HHSC—Health and Human Services Commission.

^b The scale of survey scores ranged from strongly disagreed (1) to strongly agreed (5).

Table 12

**Responses from Supervisors and Employees at All Health and Human Services Agencies to
The 2008 State Auditor's Office's Human Resources Survey Regarding Satisfaction with Human Resources Units**

Human Resources Unit	Very Satisfied or Generally Satisfied		Generally Dissatisfied or Very Dissatisfied		Neutral		Average Scores ^a		Do Not Use/Not Familiar With ^b	
	Supervisor	Employee	Supervisor	Employee	Supervisor	Employee	Supervisor	Employee	Supervisor	Employee
Health and Human Services Consolidated State Human Resources Office	45%	27%	9%	8%	14%	12%	3.66	3.51	32%	53%
Human Resources Policy and Workforce Planning Unit	18%	15%	4%	4%	10%	9%	3.53	3.44	68%	72%
Human Resources Employee Records Management Unit	18%	15%	7%	4%	14%	9%	3.32	3.48	61%	72%
Human Resources Employee Relations Unit	20%	13%	2%	4%	15%	9%	3.56	3.41	63%	74%
Human Resources Contract Management Unit	17%	13%	6%	3%	11%	8%	3.38	3.43	66%	76%
Health and Human Services Payroll Services	46%	31%	6%	5%	12%	12%	3.76	3.69	36%	52%
Health and Human Services Time, Labor, and Leave Services	47%	32%	5%	5%	15%	12%	3.78	3.68	33%	51%
Civil Rights Office	35%	17%	2%	3%	16%	10%	3.8	3.58	47%	70%
AccessHR Service Center	44%	44%	23%	11%	21%	14%	3.24	3.63	12%	31%

^a The scale of survey scores ranged from very dissatisfied (1) to very satisfied (5).

^b These responses were not used in the calculation of the average score; average score was calculated based on responses from respondents who had used or were familiar with the communication mechanism.

Table 13

Responses from Supervisors at All Health and Human Services Agencies to The 2008 State Auditor's Office's Human Resources Survey Regarding Human Resources Information				
Survey Statement	Strongly Agreed or Agreed	Strongly Disagreed or Disagreed	Neutral	Average Score ^a
I can easily find information online for the majority of my HR questions.	53%	26%	21%	3.28
If I am not sure who to contact, I have access to a list of HR contacts and their areas of expertise to help me with my questions.	45%	38%	17%	3.08
I believe that my employees can easily find answers to their HR questions.	30%	44%	26%	2.85
I feel comfortable answering HR-related questions from my employees.	47%	24%	29%	3.27
I have a clear understanding of agency HR policies and procedures.	50%	20%	30%	3.35
^a The scale of survey scores ranged from strongly disagreed (1) to strongly agreed (5).				

Table 14

Responses from Supervisors at All Health and Human Services Agencies to The 2008 State Auditor's Office's Human Resources Survey Regarding Adequate Training and Skills to Help with Human Resources Questions					
Survey Statement	Strongly Agreed or Agreed	Strongly Disagreed or Disagreed	Neutral	Do Not Use/Not Familiar With ^a	Average Score ^b
I feel that my immediate supervisor has adequate training and skills to help me with my human resources questions.	70%	10%	18%	2%	3.84
I feel that the State HR Specialists has adequate training and skills to help me with my human resources questions.	66%	5%	14%	15%	3.99
I feel that the Job Requisition Coordinator (JRC) or Hiring Specialist has adequate training and skills to help me with my human resources questions.	50%	9%	22%	19%	3.66
I feel that AccessHR (service/call center) has adequate training and skills to help me with my human resources questions.	40%	22%	24%	14%	3.24
I feel that the Civil Rights Office has adequate training and skills to help me with my human resources questions.	44%	3%	13%	40%	3.99
^a These responses were not used in the calculation of the average score; average score was calculated based on responses from respondents who had used or were familiar with where to find the regulation.					
^b The scale of survey scores ranged from strongly disagreed (1) to strongly agreed (5).					

Table 15

Responses from Supervisors at All Health and Human Services Agencies to The 2008 State Auditor's Office's Human Resources Survey Regarding State and Federal Regulations					
Regulation	Strongly Agreed or Agreed	Strongly Disagreed or Disagreed	Neutral	Average Score ^a	Do Not Use/Not Familiar With ^b
I understand or know where to get information to ensure I comply with the following state regulations and statutes.					
Employee Leave	86%	5%	8%	4.05	1%
Holidays	89%	3%	7%	4.12	1%
Fair Labor Standards Act (FLSA) Compensatory Time and Overtime	72%	12%	15%	3.78	1%
State Compensatory Time	78%	9%	12%	3.90	1%
Ethics	79%	9%	10%	3.91	2%
Standards of Conduct (Equal Employment Opportunity Training)	77%	10%	10%	3.90	3%
HIV Training	41%	25%	17%	3.26	17%
Workers' Compensation	53%	20%	16%	3.44	11%
Military Leave	49%	15%	16%	3.52	20%
I understand or know where to get information to ensure I comply with the following federal employment laws when dealing with my employees.					
Age Discrimination in Employment Act (ADEA)	60%	19%	14%	3.52	7%
Americans with Disabilities Act (ADA)	67%	17%	13%	3.63	3%
Equal Pay Act (EPA)	49%	22%	17%	3.37	12%
Fair Labor Standards Act (FLSA)	62%	17%	15%	3.57	6%
Family Medical Leave Act (FMLA)	73%	13%	12%	3.73	2%
Federal Pregnancy Discrimination Act (PDA)	46%	22%	13%	3.34	19%
Health Insurance Portability and Accountability Act (HIPAA)	62%	17%	14%	3.60	7%
Title VII, Civil Rights Act (Discrimination, Harassment)	71%	13%	12%	3.73	4%
Uniformed Services Employment and Re-employment Rights (USERRA)	37%	23%	14%	3.22	26%
Veterans Preference in Employment Act	43%	22%	14%	3.34	21%
^a The scale of survey scores ranged from strongly disagreed (1) to strongly agreed (5).					
^b These responses were not used in the calculation of the average score; average score was calculated based on responses from respondents who had used or were familiar with where to find the regulation.					

Table 16

Responses from Supervisors at All Health and Human Services Agencies to The 2008 State Auditor's Office's Human Resources Survey Regarding Employee Information				
Survey Statement	Strongly Agreed or Agreed	Strongly Disagreed or Disagreed	Neutral	Average Score ^a
I understand or know where to get information on appropriately completing performance evaluations on employees.	61%	25%	14%	3.38
I understand or know where to get information on Family and Medical Leave Act (FMLA) requests.	75%	14%	11%	3.71
I understand or know where to get information on requests for reasonable accommodations (in accordance with the Americans with Disabilities Act).	62%	21%	17%	3.49
I understand or know where to get information on reporting employee accidents and injuries.	77%	10%	13%	3.76
^a The scale of survey scores ranged from strongly disagreed (1) to strongly agreed (5).				

Table 17

Responses from Supervisors at All Health and Human Services Agencies to The 2008 State Auditor's Office's Human Resources Survey Regarding Terminations				
Survey Statement	Strongly Agreed or Agreed	Strongly Disagreed or Disagreed	Neutral	Average Score ^a
The disciplinary and termination process at my agency is objective and fair.	64%	14%	22%	3.55
I understand or know where to get information to consistently and appropriately document disciplinary actions on employees.	79%	10%	11%	3.81
I understand or know where to get assistance if I need to terminate an employee.	82%	9%	9%	3.88
I understand how to appropriately document involuntary employee terminations.	64%	17%	19%	3.56
The termination checklist available online is a useful tool.	51%	8%	41%	3.51
I understand how to off-board (terminate) an employee correctly in the AccessHR System.	52%	28%	20%	3.24
When I am separating an employee, I understand how to process the employee's leave and compensatory time correctly.	50%	28%	22%	3.21
^a The scale of survey scores ranged from strongly disagreed (1) to strongly agreed (5).				

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The Honorable Tom Craddick, Speaker of the House, Joint Chair
The Honorable Steve Ogden, Senate Finance Committee
The Honorable Thomas “Tommy” Williams, Member, Texas Senate
The Honorable Warren Chisum, House Appropriations Committee
The Honorable Jim Keffer, House Ways and Means Committee

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The Honorable Rick Perry, Governor

Health and Human Services Commission

Mr. Albert Hawkins, Executive Commissioner



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