



April 24, 2019

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit Department

Subject: Recruitment and Employment Audit

Overview

The Internal Audit Department has completed an audit of recruitment and employment operations at the Orange County Transportation Authority. Based on the audit, controls to ensure compliance with recruitment policies are generally adequate and functioning; however, a few instances of non-compliance with requirements for review of applications and written job offers were identified. The Internal Audit Department also identified situations that should be addressed in policies and procedures, including the employment of coach operator applicants with pending license suspensions, pending criminal cases, and unfavorable or missing references from past employers. In addition, the Internal Audit Department identified policy violations related to the payment of relocation costs and subsequent waiver of the repayment requirement. Finally, the Internal Audit Department identified concerns related to removal of the requirement for bus service workers to hold a commercial driver license.

Recommendation

Direct staff to implement three recommendations provided in Recruitment and Employment, Internal Audit Report No. 19-503.

Background

Requisitions for budgeted positions must be approved by the division Executive Director and the Budget Review Committee. The talent specialist in Human Resources (HR) screens the first 100 applicants in the order of date received. For external applicants applying for coach operator positions and certain maintenance positions, the screening process includes a review of their driving

records. Prior to their start date, these applicants must have obtained a Class B commercial driver license (CDL) or instruction permit. Before extending a verbal job offer, the talent specialist obtains all required approvals for the hiring decision. The formal job offer must be electronically signed by the applicant. The talent specialist obtains and reviews the applicant background checks, coordinates post-offer drug and alcohol screenings and medical exams, and makes required background inquiries of driver performance and testing, as required by the Department of Transportation (DOT).

Relocation assistance may be paid to new hires who live 75 miles or more from headquarters and are filling a position that is either grade level V and above or in high demand. The maximum reimbursement is \$35,000, with a requirement that the Chief Executive Officer inform the Finance and Administration Committee if the relocation amount exceeds \$20,000.

Discussion

HR maintains a Recruitment Selection Policy, but has not developed written procedures to address all recruitment steps, including procedures specific to coach operator and maintenance employee recruitments, such as inquiries of DOT-regulated employers and creation of eligibility lists. Procedures also do not address applicants with pending license suspensions, pending criminal cases, and unfavorable or missing references from past employers. The Internal Audit Department (Internal Audit) recommended that management develop and implement procedures and reconsider whether to hire applicants with pending license suspensions. Management agreed and indicated that they are in the process of revamping procedures.

Internal Audit identified payment of \$35,000 in relocation assistance to a new employee whose signed job offer letter did not include relocation assistance. The same employee resigned after eight months and was not asked to repay half of the amount, as outlined in policy. Internal Audit recommended management enhance procedures to ensure offers of relocation are properly approved and adequately documented and implement monitoring controls to ensure compliance. Management agreed and indicated that procedures will be revamped, and monitoring controls implemented.

Finally, the service worker job description was revised to remove the requirement for workers to hold a CDL. Service workers perform daily vehicle servicing, which includes vehicle movement, cleaning and servicing, fueling, refilling consumables, and minor inspections. Management asserted that, while service workers drive buses around the bus bases, they are rarely asked to drive a bus outside OCTA property, such as to move a bus from one base to another.

Internal Audit recommended that management reconsider removal of the CDL requirement. Alternatively, management should issue a formal, written directive to ensure that service workers are never asked to operate buses outside of OCTA property. Management responded that the commercial driver license and renewal policy will be updated to state that individuals without a CDL shall not operate a vehicle outside OCTA property.

Summary

Internal Audit has completed an audit of recruitment and employment and has offered three recommendations for improvement.

Attachment

- A. Recruitment and Employment, Internal Audit Report No. 19-503

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