Fort Bend ISD ~
Human Resources Audit

PREPARED AND SUBMITTED BY:

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Introduction

In August 2015, Gibson Consulting Group, Inc. (Gibson), as part of its continuing contract to provide internal auditing services for the Fort Bend Independent School District (Fort Bend ISD) Board of Trustees, began an internal audit and an operational review of the district's Human Resources (HR) Division.

The terms "*personnel, human resources,* and *human capital management*" are often used interchangeably. Personnel management was historically limited to the performance of administrative processes and procedures such as hiring and maintaining employee records. Today, human capital management, the newest concept, is an approach to employee staffing and retention that perceives people as assets (human capital) whose current value can be measured and whose future value can be enhanced through investment.

Fort Bend ISD is the seventh largest school system in Texas, with 73,082 students and more than 8,700 regular full-time employees.

Eighty 80 percent of Fort Bend ISD's expenditures relate to staff resources. As such, the district's HR Division is one of their most critical support organizations. HR leaders are faced with recruiting and retaining highly effective instructional and support staffs with limited financial resources, growing expectations for increased teacher performance, encouragement for optimal district wide collaboration, and a multitude of other challenges that all Texas and U.S. school districts are facing. Additionally, HR leaders must ensure that their district has sound policies and procedures, effective strategies for retaining and recruiting teachers and other staff, adequate and equitable compensation and classification plans, employee relations and benefits, efficient use of available information technology and organization and reporting structures. The capability of any HR Division is directly influenced by the manner in which it is organized and managed. The organizational structure of an HR Division should be driven by a logical alignment of functions that it performs, and these functions should be regularly reviewed to ensure that the needs of the district are being effectively met. HR leadership in Fort Bend ISD has assigned "Talents" to the lexicon of conventional HR functions and operations.

There are commendable practices of these "Talent" operations, as well as various areas in which further improvement can be achieved. The Division's overall effectiveness, efficiency, and the degree of compliance with applicable policies, laws, and regulations is summarized below.

The Fort Bend ISD Human Resources Division has experienced high leadership turnover. The current Chief Human Resources Officer (CHRO) is the seventh HR executive leader in about as many years. Other changes include the movement of functions into or out of the HR organization. Both professional development responsibilities and employee benefits administration have resided in HR as well as other divisions outside of HR.

Fort Bend ISD has effectively co-sponsored its own alternative certification program that has addressed teacher shortages. In addition, the district has implemented effective work flow processes that have

increased the efficiency of the HR Division, including the process of hiring and onboarding new employees. However, there are other work flow processes that are highly inefficient. Personnel records are maintained in paper files, and other certain processes, such as the changing of employee status or salary are manual and paper-intensive. During the audit there were also compliance exceptions noted relating to personnel records and TRS regulations. To address these and other audit findings, this audit report contains 23 recommendations to improve the HR Division at Fort Bend ISD.

Gibson expresses its appreciation to the Fort Bend ISD management and staff for its responsiveness in providing the audit team with the information needed to perform this important work and for its cooperation and willingness to assist during our site work.

Audit Scope and Approach

The objectives of this audit were to evaluate compliance, efficiency and effectiveness of the Fort Bend ISD HR Division, and identify opportunities for improvement. Eight major areas of human resource management were analyzed during this audit:

1. Overall Human Resources Organization and Management
2. Compliance with Laws and Regulations
3. Recruitment and On-Boarding Activities
4. Employee Discipline and Evaluation
5. Benefits Management
6. Position Management
7. Information Technology
8. Compensation Structure

The approach to this audit involved the analysis and triangulation of data from multiple sources, including district-provided data, interviews, and focus group sessions with administrators and staff whose daily work interacts with the District's HR operations and functions, and interviews with lead and key support staff assigned to HR. In addition, focus group sessions were held with teachers, principals, and supporting staff members to gain insight from an HR client/customer perspective. Appendix A contains a complete interview roster.

In addition to interviews and focus group sessions, the audit team conducted audit tests to corroborate key HR processes, obtain evidence of documentation maintenance, and validate compliance with Fort Bend ISD board policy. Table 1 provides a high level summary of the tests that were executed for this audit.

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Table 1. Testing Summary

Test Number	Sample Size	Test Overview
Test 1: Personnel Files	45	A sample of personnel files were obtained and reviewed to ensure that all key documents (i.e. application, employee recommendation, resume, fingerprint receipt, etc.) were retained within the file.
Test 2: Hiring Timeline	N/A	A listing of employees hired was obtained and analyzed to determine the time it takes to hire new employees.
Test 3: Job Fair Applicants	N/A	A listing of applicants from the 2014-2015 district job fair was obtained and compared to a listing of district employees to determine the number of applicants from the job fair that were hired by the district.
Test 4: Employee Appraisals	30	A sample of personnel files that contained documented appraisals, were obtained. The audit team performed testing to ensure appraisals were conducted in accordance with board policy.
Test 5: Temporary Employees	N/A	A listing of temporary employees was obtained and analyzed to ensure ERISA and TRS regulations pertaining to temporary employees were complied with.
Test 6: Access Levels	N/A	A listing of employees with key card access to the personnel file room, and a listing of employees with access to *PeopleSoft*, were obtained to determine the appropriateness of these access levels.
Test 7: Validation of Staffing Guidelines	15	A sample of 15 campuses were selected and the respective staffing allocations were tested to ensure staffing guidelines were applied correctly.
Test 8: Employee Mobility	N/A	Using the 5 year history of staffing data the audit team compared the location codes of employees from year G12to year to quantify the movement of employees between schools.
Test 9: Workers' Compensation Claims	5	The support for a sample of workers' compensation claims was obtained and reviewed to ensure timely reporting of the claims and proper documentation.
Test 10: *WinOcular* Applicants	N/A	A listing of applicants in the *WinOcular* system was obtained to quantify the number of out-of-date applications that have not been removed from the system.

Audit Summary

The major findings and recommendations of the HR Audit are summarized below. In March, 2015, the CHRO presented to the Fort Bend ISD Board background information about the HR strategic planning process, named *Fort Bend ISD People Strategy*, which is said to serve as the foundation in the development of the strategic plan for continuous improvement from 2015 through 2020. The audit team found some overarching barriers to an efficient and effective HR operation needed for the strategic plan and continuous improvement to be optimally effective. The audit identified several best practices in place in Fort Bend ISD.

1. The Fort Bend ISD HR Division has created a People Strategy and Five-Year Plan that has established a philosophy of what HR in Fort Bend ISD should look like in future years.

2. The workflow process specific to new hires and scheduling their new employee orientation that has been developed by the directors Talent Operations, Talent Acquisition, and Total Reward is commendable.

3. Fort Bend ISD's decision to sponsor its own alternative certification program (ACP) and to partner with a successful "hometown" agency already providing the required training and courses is commendable.

4. The end products of the collaboration to attract and retain employees, especially teachers, between the HR and Community Relations Divisions are commendable. Fort Bend ISD has restored the benefit of an Employee Assistance Program (EAP) at no cost to the employee.

The audit team also identified the following recommendations to improve the efficiency, effectiveness, and compliance of areas for improvement of the HR Division (see Table 2). Recommendations are not listed in order of priority; however, their priority is established in the first column with a color code that is described in a legend below the table.

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Table 2. Summary of Recommendations

Priority	No.	Recommendation
	1	Clarify HR department titles so that they generally reflect their individual functions.
	2	Add more specificity to the HR strategic plan by establishing priorities for completing projects for the most immediate needs with detailed steps in action plans that establish lead person(s) responsible, deadlines, and completion dates.
	3	Implement performance measures and establish performance targets for HR.
	4	Update Board Policies DIA (LOCAL) Freedom from Discrimination, Harassment, and Retaliation and FB (LOCAL) Equal Education Opportunity to list the names and other requirements of the two coordinators who have been designated.
	5	Post EEO and ADA posters in conspicuous work locations within both the Fort Bend ISD administration building and the HR Division in accordance with federal EEO and ADA laws and board policies. Place EEO and ADA statements on each opening page of the district's website.
	6	Secure immediately and protect the confidentiality of personnel folders and files in the files room.
	7	Implement tracking procedures for the hours worked by retired employees.
	8	Review system records to ensure retired employees are properly classified.
	9	Set a goal and develop strategies to attract and retain more ethnic minority employees, especially among teachers.
	10	Re-evaluate participation in out-of-town teacher recruiting trips and increase efforts within both the Fort Bend ISD and the Greater Houston areas
	11	Review and revise job descriptions to ensure they accurately reflect the expected work or job tasks of each employee.
	12	Institute individual employee goal setting conferences as part of the annual employee evaluation process for all employee groups
	13	Contract with an external professional firm to conduct an employee dependent eligibility audit of the Fort Bend ISD medical benefits plans.
	14	Rely fully on the HCM modules dedicated to PM or position control that are already accessible to end manual, duplicative spread-sheet systems.
	15	Establish enforceable procedures that will ensure that vacancies are reported to HR.
	16	Finalize and implement planned improvements to the PM system.
	17	Implement strategies and incentives that are effective in reducing absences among teachers.
	18	Develop a plan to remove the reliance on all paper documents.
	19	Research ways to automate and integrate both applicant tracking and performance evaluation systems, starting with available Oracle and/or PeopleSoft modules
	20	Assign to Payroll the data entry responsibilities of actual pay after HR has completed initial salary assignment and other adjustments in pay.
	21	Implement more robust monitoring of appraisal compliance.
	22	Review employee's access to PeopleSoft for appropriateness.
	23	Review applications retained within WinOcular and remove out-of-date applications.

Red = High Priority

Orange = Medium Priority

Yellow = Low Priority

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Each of the above findings and recommendations are discussed in the remainder of this report. It is organized into the following sections:

1. Overall Human Resources Organization and Management
2. Compliance with Laws and Regulations
3. Recruitment and On-Boarding Activities
4. Employee Discipline and Evaluation
5. Benefits Management
6. Position Management
7. Information Technology
8. Compensation Structure
9. Human Resources Audit Testing

Section 1 – Overall Human Resources Organization and Management

Background

This section presents an assessment of the human resources organization and management in Fort Bend ISD. The HR Division is generally responsible for:

- Recruiting employees and establishing strategies for retention
- Maintaining posted vacancy lists and operating an application process and tracking system
- Overseeing the interviewing, selection, and processing of new employees
- Processing promotions and transfers
- Directing off-boarding and resignations procedures
- Determining salaries and maintaining compensation schedules
- Conducting salary and compensation marketability research
- Planning and forecasting personnel needs
- Maintaining complete employee records and files and ensuring their security
- Directing and monitoring the employee benefits program
- Developing and maintaining job descriptions
- Managing the employee evaluation/appraisal process
- Handling employee complaints and grievances
- Developing personnel policies and accompanying procedures for implementation
- Ensuring the compliance of personnel-related laws and regulations
- Developing work flow processes that ensure smooth operations and timely execution of time sensitive activities and functions

The number of Fort Bend ISD employees has increased by 2.1 percent in the past five years, on the way to recovering from the financial difficulties that Texas school districts experienced in fiscal years (FY) 2012 and 2013 due to lower state appropriations. Total enrollment increased at a faster pace as compared to total personnel, with a 5 percent increase over the past five years. Table 3 shows the total regular full time employees hired in Fort Bend for the past five years.

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Table 3. Fort Bend ISD Employee Count, FY 2011 through FY 2015, and Percent of Change

	2010-11	2011-12	2012-13	2013-14	2014-15	% Change*
Total Teaching Staff	4,134.51	3,982.08	4,030.31	4,129.45	4,417.58	6.8%
Total Support Staff	1,007.53	844.87	837.62	844.25	949.05	-5.8%
Total Administrative Staff	226.28	218.86	217.82	222.86	256.02	13.1%
Total Paraprofessional Staff	533.90	518.43	548.99	587.06	645.73	20.9%
Auxiliary	2,551.01	2,349.33	2,323.03	2,327.08	2,358.3	-7.6%
Total Personnel	**8,453.23**	**7,913.57**	**7,957.77**	**8,110.70**	**8,626.68**	**2.1%**
Total Enrollment	**68,710**	**68,964**	**69,123**	**70,512**	**72,152**	**5.0%**

Source: http://ritter.tea.state.tx.us/adhocrpt/adpeb.html - Staff FTE Counts and Salary Report

Table Note: * - Percent of change 2010-11 to 2014-15

Figure 1 represents the current Human Resources Division organizational chart.

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Figure 1. Current HR Division Organizational Chart

Source: Fort Bend ISD

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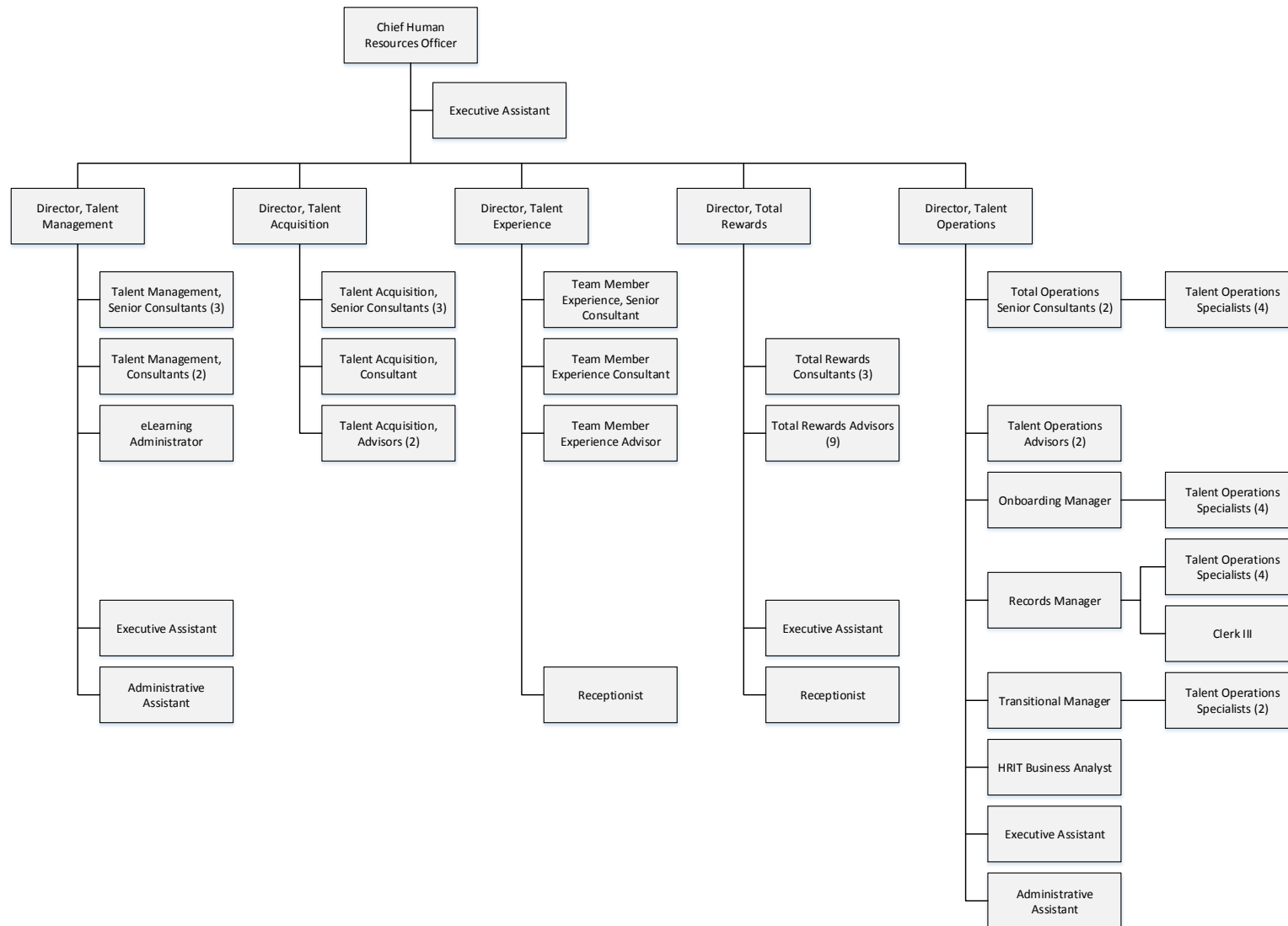
There are currently 64 permanent full-time positions assigned to HR funding codes and nine full-time equivalent (FTE) staff funded in Organizational Development. All report to the CHRO. In addition, the division hires 12 part-time or temporary employees, generally retired teachers, administrators and other retirees, who work regularly on special projects. One retired administrator, for example, serves as the hearing officer for Texas Workers' Compensation (TWC) claims.

The CHRO reports directly to the Superintendent and is aided in the leadership of HR by five professionals, each assigned the position of director:

- Director of Talent Management (employee performance appraisals and non-certificated employee training, organizational health, leadership development)
- Director of Talent Acquisition (employee recruiting and staffing and substitutes)
- Director of Talent Experience (employee relations and conflict resolution)
- Director of HR Total Rewards (compensation, job descriptions, salary marketability)
- Director of Talent Operations (personnel records, certification, leaves and absences, position management, onboarding)

The new hire process or workflow, as well as changes in employee status such as transfers and salary, involves movement of paperwork or online electronic forms and accompanying approval signatures among Talent Operations, HR Total Rewards, and Talent Acquisition. The Fort Bend ISD Employee Benefits staff, traditionally an important HR function, reports to the Coordinator of Payroll who reports to the Chief Financial Officer (CFO).

Table 4 shows the position titles, the number of employees assigned the title, and Federal Labor Standards Act (FLSA) status of employees assigned to both the HR and organizational development funding sources.

Table 4. HR Staff and FLSA Status

Position Title	Number	FLSA Status
CHRO	1	Exempt
Director	5	Exempt
Senior Consultant	12	Exempt
Consultant	6	Exempt
Manager	3	Exempt
IT Analyst	1	Exempt
Administrator	1	Exempt
Advisor	13	Non-Exempt
Specialist	15	Non-Exempt
Executive Assistant	3	Non-Exempt
Administrative Assistant	2	Non-Exempt
Receptionist	1	Non-Exempt

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Position Title	Number	FLSA Status
Clerk III	1	Non-Exempt
Total	**64**	

Source: Fort Bend ISD

Table 5 compares the number of HR staff in the Fort Bend ISD HR Division with the same number in Texas' 10 largest school districts (based on student enrollment) counts in 2014-15. The table also includes the number of employees in each district and shows how many HR staff currently serve the total number of employees. Geographical peers, based on school districts similar in size to Fort Bend ISD, were also used as the basis for comparison. The ratio column indicates the range among the selected school districts. Fort Bend ISD has the lowest employees to HR staff ratio among its large Texas districts peers and the second lowest ratio when compared to geographical peers. Compared to its peers, Fort Bend ISD operates its HR Division with more staff relative to the number of employees. However, it is important to note that Fort Bend ISD's HR Division includes payroll staff that are usually aligned under Accounting in public school systems. Teacher professional development is also aligned under HR; this function is aligned under Curriculum and Instruction in many school systems.

Table 5. HR Staff to Employees, Peer Comparison, 2014-15

District	Enrollment	Employees	Employees per 100 Students	HR Staff	Employee to HR Staff Ratio
Peers – Texas Top Large Districts – Based on Enrollment					
Dallas ISD	160,253	19,706.6	12.3	127	155.2
Northside ISD	103,606	13,210.8	12.8	58	227.8
Austin ISD	84,564	11,478.1	13.6	51	225.1
Fort Worth ISD	85,975	10,427.0	12.1	36	289.6
Fort Bend ISD	*75,152*	*8,626.7*	*11.5*	*64*	*134.8*
North East ISD	67,971	8,522.4	12.5	41	207.9
Geographical Peers					
Katy ISD	70,330	8,658.5	12.3	31	279.3
Pasadena ISD	55,577	7,650.0	13.8	23	332.6
Conroe ISD	56,363	6,759.7	12.0	20	338.0
Klein ISD	49,402	6,313.2	12.8	19	332.3
Alief ISD	47,202	6,235.1	13.2	25	249.4
Spring ISD	36,950	4,986.0	13.5	57	87.5
Humble ISD	39,522	4,844.13	12.3	23	210.6

Sources: Texas Education Agency; district published budget documents

Using total FTE counts over the past five years, the audit team compared HR cost per district FTE to available benchmark data. The Council of the Great City Schools (CoGCS) collects data from large urban districts around the U.S. and calculates performance measures on an annual basis, including HR cost per district FTE. While Fort Bend ISD is not one of these urban districts, it is comparable in size to many of the

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CoGCS districts. Fort Bend ISD's HR costs per FTE displayed in Table 6 put the district in the lowest (most efficient) quartile of the CoGCS member districts from FY 2011 to 2014, and in the second quartile in FY 2015.

Table 6. HR Cost per District FTE, Fiscal Years 2011 through 2015

Year	HR Expenditures	FTE	HR Cost per District FTE
2011 Actual	$2,470,307	8,450	$292
2012 Actual	$2,306,393	7,899	$292
2013 Actual	$2,303,526	7,943	$290
2014 Actual	$2,722,634	8,097	$336
2015 Actual	$4,224,933	8,627	$490

Source: Fort Bend ISD FTE Counts

The Society of Human Resource Management (SHRM), using industry-wide leading HR and organizational metrics, provides formulas for benchmarking the efficiency and effectiveness of an HR operation. In 2012, SHRM released its Human Capital Benchmarks Report detail of measurements and results[1].

The SHRM benchmark for HR-to-Employee ratio is 0.79 for an organization of Fort Bend ISD size[2]. The SHRM benchmark would assign one HR person for each group of 127 Fort Bend ISD employees, or a total of 68 HR FTEs.

The Institute for Corporate Productivity (i4cp) in 2010 released a set of findings from recent research containing both statistical and analytical methods to determine the conditions and effectiveness of an organization's HR operations. To a large extent, these findings used the standards and recommendations of the SHRM. By analyzing data from over 850 organizations, including some public school systems with both large and small student enrollments, i4cp devised a model which determines the normative ratios of HR FTE's to number of workers based on organization size for high versus low performing companies and public organizations[3].

Using the i4cp model for an organization of similar size and functioning at a high level of performance, the Fort Bend ISD ratio of HR staff to number of employees should be 0.70 percent or one HR FTE for every 142.7 employees. With 8,627 employees in Fort Bend ISD in 2014-15, this would result in an HR staff of 60 FTE's.

By either measure, the Fort Bend ISD HR Division is staffed within the parameters of what national industry standards would suggest. However, based on the findings in this audit report related to efficiency, Fort Bend ISD has opportunities to streamline its HR organization.

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[1] Human Capital Benchmarks Report (2012). *Society of Human Resource Management.* Retrieved from http://www.shrm.org

[2] Excerpted from *Future of HR Survey, http://www.i4cp.com/productivity/*

[3] Excerpted from *Future of HR Survey, http://www.i4cp.com/productivity/*

Table 7 presents actual operating expenditures for the HR Division from 2010-11 to 2014-15 and budgeted expenditures for 2015-16. Totals per year show the fluctuations in amounts spent over the span which is represented by the percent change.

HR expenditures increased by $1.5M (55%) in FY 2015. This was due to a combination of factors. During 2015 the HR Division added 12 temporary consultant positions to assist with a project updating employee leave balances. In addition, professional development employees that were previously under the Curriculum and Instruction division were moved under HR. The HR Division also added a new talent operation (Talent Experience) unit, to assist with employee performance evaluations. In FY 2015-16 the leave balance project ended and many of the temporary positions were no longer needed.

Table 7. HR Division Operating Expenditures, Fiscal Years 2011 through 2016 (budgeted)

Operating Expenditures[4]	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 Budgeted
6100 Payroll Cost	$2,301,556	$2,179,455	$2,107,964	$2,242,014	$3,602,660	$3,066,012
6200 Professional and Contracted Services	$81,861	$52,458	$103,156	$323,586	$324,838	$374,576
6300 Supplies and Materials	$49,447	$45,460	$64,670	$86,367	$208,782	$71,900
6400 Other Operating Costs	$37,443	$29,020	$27,736	$70,667	$88,653	$178,775
Grand Total	**$2,470,307**	**$2,306,393**	**$2,303,526**	**$2,722,634**	**$4,224,933**	**$3,691,263**
Percent Change		-6.64%	-0.12%	18.19%	55.18%	-12.63%

Source: Fort Bend Human Resource Division Expenditures, October 2015

The Fort Bend ISD HR Division, much like most HR divisions in public schools and private enterprise, is faced with numerous external and internal factors that can inhibit the efficiency and effectiveness of its human resources program. The external elements include budget challenges, availability of teachers for hard-to-fill instructional areas, competition among neighboring school districts to fill vacant teaching positions, labor market influences on availability of support personnel and accompanying compensation, and complex and changing laws and regulations. Any school district or other entity may not have a large degree of control over external factors that influence its operations. However, it can develop an effective human resources program to manage and control those internal factors that influence human resources actions, such as budget, skill-level, productivity, and compliance[5].

Fort Bend ISD's HR leaders have addressed many of these factors in the *Fort Bend ISD Human Resources People Strategy* which was presented by the CHRO to the Board on March 30, 2015. This document provides background information about the human resources strategic planning process and the Fort Bend ISD People Strategy created and monitored by the HR Division. This plan serves as the foundation for strategic planning and continuous improvement from 2015-2020. More often than not in the *People Strategy*, Fort Bend ISD employees are referred to as *"talent."*

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[4] Operating expenditures include object codes 6100-6400 for all funds.
[5] Excerpted from State Office of Risk Management website, http://www.sorm.state.tx.us/rmtsa_chapter_two

The *Strategy* incorporates the Fort Bend ISD Board's Core Beliefs and Commitments which are described as "the compass guiding HR to ensure an educational system that will enable all students to reach their full potential by recruiting, developing, and retaining an exceptional workforce that is committed to transforming the landscape through leadership, collaboration, and application of processes based on best practices."[6] The document traces HR planning for immediate improvement from 2013 to 2015 that began with "Meet and Greet" needs assessment sessions with principals from which came the identification of five areas for improvement: communication, customer service, staffing, compensation, and automation of applicant and transition processes.

To address the communication issue, HR leadership established an "HR Stakeholder Group" to serve as a feedback mechanism for sharing information and collaborating around HR improvement efforts. This group, facilitated by HR leadership, is composed of selected school administrators, division directors, and support staff from across the Fort Bend ISD and meets regularly to assess improvements in HR. *Let's Talk* or *Chat with Charles,* an online communications software hosted by the Fort Bend ISD Communications Division, allows employees and others with questions to communicate directly with district leadership, including HR Division directors and the CHRO. HR relies on *Let's Talk* to manage the high volume of calls and emails that arrive in the HR office. Because of high usage of the software which exceeded technical capacity, *Talent Connection* was implemented district-wide by Communications to allow customers (hiring leaders, future/current/former employees) to submit requests to a common work space. The work requests specific to personnel are accessed by HR staff for response. Each HR work request action is tracked for response time and need for follow-up or additional actions.

The *People Strategy* alludes to Fort Bend ISD's affiliation and the participation of HR leaders with the American Productivity and Quality Center (APQC), a Houston, member-based nonprofit and proponent of business benchmarking, best practices, and knowledge management research. Its mission is the help organizations improve productivity and quality by discovering effective methods of improvement, disseminating findings, and connecting individuals with each other and with the knowledge these participants need to improve[7]. The ongoing participation of Fort Bend ISD's HR, business and finance, and technology leaders in training provided by APQC supports the goals of developing a system to attract, evaluate, and develop leaders and talent within Fort Bend ISD.

The *Fort Bend ISD Human Resources Five Year Plan 2015-2020* is also contained within the *People Strategy* and is intended to serve "as the blueprint driving HR efforts for the foreseeable future and is based on what was learned from extensive data collection and Voice of Customer input." The HR five-year plan introduces three "priorities" that align with the district's Strategic Plan: integrated and scalable systems, *The Fort Bend ISD Experience*, and inspiring leaders[8].

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[6] *Fort Bend ISD Human Resources People Strategy*, p. 2
[7] Excerpted from APQC website, https://www.apqc.org/
[8] *Fort Bend ISD Human Resources Five Year Plan 2015-2020*, p. 10

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Conceptualized ideas or projects listed to be implemented under integrated and scalable systems are:

- Maintaining a competitive compensation structure.

- Studying all district jobs from a market comparability perspective and determining which jobs merit compensation reward, and developing a compensation philosophy.

- Implementing a project to review current employee job experience and to determine creditable years of experience based on revised salary calculation guidelines and updating personnel files in the HRIS.

- Conducting comprehensive job audits, analyzing job requirements, revising job descriptions, and establishing job value in compensatory terms.

- Implementing effective processes for administering stipends to reduce errors of overpayments or underpayments.

The plan identifies HR processes to be automated. These include:

- Identifying a new applicant tracking system that will integrate seamlessly with the current HCM software of *PeopleSoft*.

- Moving toward paperless personnel action processing through automating employee leaves, exit, and position change processes within the HCM.

- Integrating leaves and absence management into one functional area of HR.

- Implementing a Web Clock time tracking system for non-exempt employees, compatible with HCM software, to provide precise tracking of regular and compensatory hours of work time.

- Scanning of HR personnel records to convert them to digital.

- Developing an HR analytics system to report and track HR transactions processed.

In regard to recruiting and hiring teachers and other new employees and employee retention, or *The Fort Bend Experience*, the HR five-year plan calls for creating a recognized Fort Bend ISD brand and focusing "on building relationships with prospective talent in order to effectively and efficiently attract, select, develop, and retain top talent."[9] The proposal includes:

- Identifying and participating in university job fairs that offer access to the most teacher candidates with certification in hard-to-fill and high turn-over positions in Fort Bend ISD.

- Creating partnerships with universities that will serve as a pipeline for top talent to consider Fort Bend ISD for all positions.

- Continuing to use current social media to announce open positions and promote Fort Bend ISD as an employer of choice and expanding to include more social media opportunities.

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[9] *Fort Bend ISD Human Resources Five Year Plan 2015-2020*, p. 12

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- Accessing multiple talent sources already in place such as student teachers, paraprofessionals, and substitute teachers.

- Developing competency based interview processes that focus on how the applicant behaved in a previous experience instead of focusing on hypothetical future behavior.

- Improving the selection process for teachers by using a screening assessment tool that provides scores that can be matched with the responses given by teachers with the greatest increase in student learning and that provides a performance prediction.

- Providing an onboarding process for all new hires that will foster positivity about working in Fort Bend ISD through providing ongoing interaction with representatives from HR, Benefits, and various other divisions and that will assist in acclimating them to Fort Bend ISD culture.

- Developing for all job groups career pathways that provide growth opportunities within Fort Bend ISD.

- Creating off boarding processes that assist employees with retirement information and application and addressing concerns of resigning employees as expressed in exit survey data.[10]

With respect to personnel evaluations, the district was successful in its application to the Texas Education Agency (TEA) to serve as a refinement year pilot district for the new Texas Teacher Evaluation and Support System (T-TESS). The two feeder patterns that are participating in the pilot are Willow Ridge and Austin.

The five-year plan also outlines the intent to develop measures to standardize performance management processes, such as:

- Benchmarking performance management systems for best practice ideas.

- Developing performance management model for Fort Bend ISD to include tools for assessing bench strength and incorporating development programs and advancement plans.

- Developing training, implementation tools, and support teams.

- Developing tools to track success and opportunities for improvement and developing evaluation methodology.

- Revising consistently and modifying appraisal instruments[11].

Audit Findings and Recommendations

Finding: Customers and clients served by the HR Division find current HR directorate titles confusing.
Participants in focus groups and non-HR-assigned individuals who were interviewed told the audit team that oftentimes they do not know "whom to call in HR for what," because the new titles used for the

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[10] *Ibid*, pp. 14 – 15.
[11] *Ibid*, p. 15.

departments within HR are misunderstood and somewhat misleading. Currently, the HR departments are named:

- Talent Operations
- Talent Experience
- Talent Acquisition
- Talent Rewards
- Talent Management and Development

For example, if a teacher has a question about professional certification renewal, he/she is unclear whether to contact Talent Experience or Talent Acquisition or Talent Rewards. If another employee has questions about the process of filing a grievance, he/she is unsure whom to contact: Talent Operations or Talent Management.

Recommendation 1: Clarify HR department titles so that they generally reflect their individual functions. (High Priority)

To ensure that customers and clients under the HR Division's organizational structure and whom to call for what need, the HR departments should be clarified with accompanying subheadings. As an example, Talent Experience (Employee Relations) and Total Rewards (Salary and Compensation).

Management's Response: *Management disagrees with this recommendation. The department names used are not unique to FBISD and have been chosen intentionally to establish the desired culture within the district and department. We also believe the titles adequately convey the function of each department. The titles used for the various HR Departments are commonly used in non-public entities and have become more frequently used in public entities.*

It is agreed that some employees may not know "who" to call for service; however, there is substantial evidence that many employees know how to get answers. One example is the use of the Talent Connection portal through which 1,605 communications were received (74% current employees) since opening it February of 2015. Within Talent Connection, customers may rate their experience. During this timeframe, the feedback score was 8.7 out of 10.

Additionally, the Human Resources website provides information regarding the various support and services provided by the HR Department in a way that is clear to those needing to contact the department.

Finding: The strategic plan does not contain, nor has it prompted, the development of action plans and accountability measures to ensure successful implementation.
Despite presenting a comprehensive and compelling vision for HR and suggesting projects for improvements, the five-year plan for Fort Bend ISD's HR Division does not provide, nor has it prompted, the development of specific action items and accountability mechanisms to ensure that plan goals are actually achieved. The district has completed its strategy; it is now time to operationalize it.

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Following are observations made about shortcomings of the plan and the underlying planning process:

- While priorities have been established, detailed action plans have not.

- Projects have not been assigned to individuals responsible for managing the implementation.

- There is no calendar showing when projects and goals will be achieved.

- There are no expected outcome measures defined to establish that a project has been completed and the intended results have been achieved.

- A significant amount of time continues to be spent in strategic planning, and this reduces the ability of the HR leadership team to implement the plan and perform other duties, including closely monitoring operations, interactions, and customer service provided by other HR support team members.

Some plan elements (new position titles) have created confusion among the HR Division's customers regarding who to call for certain technical assistance.

Recommendation 2: Add more specificity to the HR strategic plan by establishing priorities for completing projects for the most immediate needs with detailed steps in action plans that establish lead person(s) responsible, deadlines, and completion dates. (Medium Priority)

At some point, additional time spent on long-term strategic objectives and planning sacrifices time spent on actions to implement the plans. Well laid plans take time to implement, and results take time to yield an outcome. Adding detailed action plans and accountability systems will help bring this plan to fruition. The following information should extend from the five-year plan to ensure its successful execution:

- Established priority for each initiative
- Specific action items
- Estimate of effort
- Assignment of responsibility
- Start and end dates
- Progress reporting plans
- Measureable outcomes of completion and success

Management's Response: *Management agrees with this recommendation. The People Strategy and HR Plan was written to reflect the high level efforts of the HR department and to demonstrate alignment with the District's Core Beliefs and Commitments, Mission, Vision, Leadership Competencies, Goals and Priorities. The individual actions required to accomplish this plan are outlined in individual and departmental goals with specific personnel responsible for completing each action/goal. The detailed action plans, timelines and accountability systems are currently under development in conjunction with development of the overall FBISD District Strategic Plan that is coordinated by the FBISD Chief of Staff.*

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Finding: The HR Division at Fort Bend ISD does not consistently track or monitor performance measures. Even though the HR strategic plan references measures to standardize performance management processes, it does not specify the performance measures that will be reported as an HR best practice. Performance measures prompt the development of performance targets which can be used to continuously improve efficiency and effectiveness in day-to-day and routine operations and functions. Measures can be qualitative (survey response rates regarding customer satisfaction) as well as quantitative (ratio of total employees to HR employees, average time between manager/principal recommendation date and hire date).

Performance targets and actual performance against those targets should also be a component of HR management performance evaluations.

Recommendation 3: Implement performance measures and establish performance targets for HR. (Medium Priority)

The following are examples of HR performance measures that Fort Bend ISD should consider:

- Number of district employees per FTE human resources employee
- HR Division cost per district employee (FTE)
- Number of employment applications processed per FTE
- Average days from position vacancy to recommendation by hiring manager
- Average days from recommendation by hiring manager to start date
- Non-certified teachers as a percentage of total teachers
- Turnover rate for teachers by campus
- Teacher vacancies unfilled on the first instructional day for students
- New teacher turnover rate (one year or less)
- Turnover rate for non-teachers
- Low income/high minority campuses compared to teachers' experience
- Percentage of customers extremely satisfied with HR customer service
- Percentage of teachers by ethnicity, compared to percentage of students by ethnicity
- Teacher absentee days per year, by campus
- Substitute costs per year, by campus (dollar amount and percentage of salaries and wages)
- Benefits cost as a percentage of total salaries and wages

This effort should be coordinated with other departmental efforts to develop and implement performance measures. The district may wish to collect and validate the data centrally as opposed to each department doing this activity. The following steps should be applied in the development of performance measures:

1. Define measures.

2. Define data elements needed to calculate the measures – data definition is extremely important. The exact definition of the data must be identified, along with the source of data and the timing of when they are collected. Some districts collect operational and administrative statistics at the

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same time as the Fall PEIMS (Public Education Information Management System) submission, so aggregate amounts can be reconciled to the official state record.

3. Collect and validate data – since most data, other than financial, are not subject to an annual audit, the district must take steps to validate the data. This would include test audits and reasonableness testing.

4. Calculate measures – the calculations supporting each measure can be stored using database or spreadsheet software. Some financial and human resource systems support the entry of operational data and the calculation of measures; however, most are done using one of the two former methods.

5. Conduct reasonableness test – the results of calculated measures should be evaluated for reasonableness. If the results of a measure look too good or too bad to be true, there is likely a data issue.

6. Conduct variance analysis – once the data are validated and reliable measures are produced, these measures can be analyzed over time and compared to standards or benchmarks. Caution should be taken to "explain away" unfavorable trends or variances. Additional data collection and analysis may be needed to fully understand a performance variance.

7. Report results – results should be reported annually in a format that is easily understood by the general public. Tools that create visualizations of data can also be used to support viewing and navigation of measures online.

8. Goal development – use the performance measures to develop goals for improvement the next year.

Management's Response: *Management agrees with the recommendation to implement performance measures, but only to the extent that the results of the measures are actionable and will impact decision making with the additional requirement that the production of most measures is automated. Developing such measures is a high priority for management.*

Section 2 – Compliance with Laws and Regulations

Background

The HR Division is charged with developing and implementing workforce programs to maximize the employment of productive people with different backgrounds, qualifications, and talents while recognizing the legal requirements and social responsibilities of equal treatment for all employees and the actions necessary to ensure that those requirements are met. Laws and regulations at the federal, state, and local levels regulate how school districts conduct staffing. Title VII of the 1964 Civil Rights Act banned most discriminatory hiring practices.

Three major areas of legal concern that the HR office and other district managers must comply with are equal opportunity, affirmative action, and sexual harassment. These areas, as well as other laws, affect all human resources practices. Individuals covered under Equal Employment Opportunity (EEO) laws are protected from illegal discrimination, which occurs when people who share a certain characteristic, such as race, age, or gender, are discriminated against because of that characteristic. People who have the designated characteristics are called the *protected class*.

While EEO laws aim to ensure equal treatment at work, ethnic minority recruitment requires the employer to make an extra effort to hire and promote people who belong to a protected class. Affirmative action includes taking specific actions designed to eliminate the present effects of past discrimination. Title VII of the 1964 Civil Rights Act established the *Equal Employment Opportunity Commission* (EEOC) which is the major enforcement authority subsequent civil rights acts, pregnancy discrimination, ADA, and the Vocational Rehabilitation Act.

Under the various updates of the Civil Rights Acts, protection from sexual harassment has continued to be provided and enforced[12]. Fort Bend ISD orients new employees and provides regular updated training to all other employees about the rules and reporting structures for sexual harassment. Documentation of this training is kept in the individual employee personnel file.

Fort Bend ISD board policy names the compliance coordinators for Title VII (sexual harassment), EEO, and ADA. Other major legal requirements that require HR monitoring and tracking are Federal Labor Standards Act (FLSA) which requires overtime be paid when earned or compensated with other methods; Occupational Safety and Health Act (OSHA) which establishes safety and health standards; and Family

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[12] Excerpted from *HR Guide to Employment Law: A Practical Compliance Reference,* downloaded from https://store.hrhero.com

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Medical Leave Act (FMLA), which permits employees to take up to 12 weeks per year of unpaid leave for family or medical reasons[13].

Audit Findings and Recommendations

Finding: The district's coordinator designations for ADA/Section 504 and Title IX are not clearly defined. Board Policies DIA (LOCAL) *Freedom from Discrimination, Harassment, and Retaliation* and FB (LOCAL) *Equal Education Opportunity* contradict whom the district has delegated as ADA/Section 504 and Title IX (sexual harassment) coordinators.

Although Board Policy DAA (LEGAL) provides that two or more administrators can be designated, the names of individuals listed in both policies are different. If it is the district's intent to have two administrators serving as ADA/Section 504 coordinators and Title IX, then both names should be listed in both policies. The Fort Bend ISD Employee Handbook, on the other hand, already has the same two names listed for each compliance area.

Recommendation 4: Update Board Policies DIA (LOCAL) Freedom from Discrimination, Harassment, and Retaliation and FB (LOCAL) Equal Education Opportunity to list the names and other requirements of the two coordinators who have been designated. (Low Priority)

The district must ensure that employees and others know whom to call and have the correct access names and contact numbers if they have concerns or questions about the issues.

Management's Response: *Management agrees with this recommendation. The district is currently engaged in a comprehensive policy review and update. Policy DIA (LOCAL) and FB (LOCAL) will be presented to the board for review at scheduled board meeting(s) in the spring, 2016. TASB policy updates are discussed and reviewed to ensure the district is in compliance with proposed changes.*

Finding: Fort Bend ISD is not posting required information for employees about EEO and ADA in the Fort Bend ISD Administration Building.
Compliance with the federal laws for EEO and Americans with Disabilities Act (ADA) requires that conspicuous notices describing the provisions of these laws be posted in employees' access areas. The audit team did not find any posting within the Administration Building, in general, or the Human Resources Division, in particular.

These laws require that federal laws prohibit job discrimination based on race, color, sex, national origin, religion, age, equal pay, or genetic information (commonly referred to as "EEOC statements") and disabilities that limit mobility ("ADA statements"). These same complete statements were found on each individual job vacancy posting on the district's online applicant tracking system. However, Fort Bend ISD Board Policy DAA (LEGAL) *Employment Objectives: Equal Employment Opportunity* requires, "The District shall post in conspicuous places upon its premises a notice setting forth the information the Equal

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[13] Fort Bend ISD Board Policy DECA (LEGAL)

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Employment Opportunity Commission deems appropriate to effectuate the purposes of the anti-discrimination laws." Further, the same policy requires the district to "take appropriate steps to notify applicants and employees, including those with impaired vision or hearing that it does not discriminate on the basis of disability."

Many school districts, governmental agencies, and private business use the "EEO is the Law" poster in order to meet legal requirements. This poster, prepared by the EEOC, summarizes these laws and explains how employees or applicants can file a complaint if they believe that they have been the victim of discrimination. These EEOC posters are available in English, Arabic, Chinese, and Spanish languages.

These posters should be placed in a conspicuous location in the workplace where notices to applicants and employees are customarily posted. In addition to hanging the poster, employers are encouraged to post the electronic notice on their internal web sites in a conspicuous location. In most cases, electronic posting supplements physical posting but does not itself fulfill the employer's basic obligation to physically post the required information in its workplaces. In some situations, (e.g., for employees who telework and do not visit the employer's workplace on a regular basis), it may be required in addition to physical posting.[14]

ADA requires that notices of federal laws prohibiting job discrimination be made available in a location that is accessible to applicants and employees with disabilities that limit mobility. Printed notices should also be made available in an accessible format that is needed by a person with disabilities that limit the ability to see or read. Notices can be recorded on an audio file, provided in an electronic format that can be utilized by screen-reading technology, or read to applicants or employees with disabilities that limit seeing or reading ability.[15]

Recommendation 5: Post EEO and ADA posters in conspicuous work locations within both the Fort Bend ISD administration building and the HR Division in accordance with federal EEO and ADA laws and board policies. Place EEO and ADA statements on each opening page of the district's website. (Medium Priority)

The absence of these posters is oftentimes the focus of compliance auditors from the various federal and state agencies. Fines are generally imposed if the posters are missing or considered inconspicuous. Having the statements located on the website will further indicate a "good faith" effort to comply with the requirements.

Pre-written and printed posters, prepared for downloading and subsequent printing, are available on the federal Department of Labor website. Commercial products meeting the language and information requirements of the laws, are generally available through several online sources both for free and for purchase. For example, one Texas company sells a laminated "Texas Labor Law" poster containing the most recent state and federal labor law postings that meet business requirements to protect employers

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[14] http://www1.eeoc.gov/employers/poster.cfm
[15] Ibid.

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from posting fines and employee disputes. Each purchased poster generally contains language and notices about federal minimum wage, EEOC, FMLA, OSHA, and ADA.

Management's Response: *Management agrees with this recommendation. As an equal opportunity employer, FBISD ensures continued compliance with all federal laws regarding workplace poster requirements. The HR department recently purchased updated federal and state postings in both English and Spanish, we distributed EEO and ADA posters to all FBISD campus, facilities and administrative locations. Updated posters will be placed in conspicuous locations at each site, where they can be readily observed by employees and applicants, ensuring they understand their rights and responsibilities under Federal employment laws. Additionally, HR will place EEO and ADA statements on the opening page of the District's website by April 2, 2016.*

Finding: The current physical method of storing and securing employee's personnel records does not meet board policy requirements for confidentiality.
Fort Bend ISD Policy GBA (LEGAL) *Public Information Program: Access to Public Information* addresses the confidentiality of personnel records and their contents. Section II of the policy, "Confidential Information Under the Public Information Act or Other Law," lists the kinds of information about employees (and student)s designated as confidential. Examples include Social Security numbers, and teacher and administrator evaluations. There are no additional local policies or written HR procedures to physically ensure the safety, security, and storage of these files to increase their confidentiality.

Because personnel records contain personal information about individuals, such as Social Security numbers, they are highly sensitive and confidential. Access to records, whether paper or electronic, must be strictly controlled and monitored; strong and effective security measures are needed to protect the records against, loss, damage, unauthorized access of alteration, while in storage and during their active use in the HR office. The location and use of paper records needs to be tracked. Likewise, mechanisms need to be developed to identify who has accessed an electronic record, when they access that information and whether any action was taken on, or changes made to, the record. Those who have custody and day-to-day management and maintenance of personnel records must be aware that they have been entrusted with the responsibility not to reveal information gleaned from the recor*ds.*

In the room used for personnel files in the Fort Bend ISD HR Division, individual files reside on four or five large, open-faced, double-sided, sliding racks. The only security for these files is the entry door into the room. Office space for two HR employees is also provided within the same "files room." Because the volume of personnel files has significantly increased in the last 10 years, there is no additional space for personnel folders on the sliding racks. To handle the overflow, folders are being filed outside the secure room in conventional file cabinets. These extra file cabinets are in the same room that the records manager and her staff use for offices and daily working space. These file cabinets are not locked at the end of the work day, and they are neither fire-rated nor water-proof protected. There are piles of documents specific to individual employees waiting to be filed in the work area. There is no space to lock away these sensitive documents at the end of the work day.

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Results of *Audit Test 1 – Personnel Files and Test 6 – Access Level* which speaks to the issues of confidentiality and employee access to files are found in *Section 9 - Human Resources Audit Tests* of this report.

Recommendation 6: Secure immediately and protect the confidentiality of personnel folders and files in the files room. (High Priority)

There are no federal regulations or specific Texas laws nor Fort Bend ISD board policy regarding the manner and security of how HR personnel files or folders, per se, are stored. However, there are some best practices in the industry. Paper personnel files should be kept in file cabinets that are both water-protected, fire proof rated, and individually- or gang-locked, preferably at all times. These cabinets should be in a room, similar to a bank vault that is locked when not in use. Employees should be careful not to leave files unsecured. For example, a personnel file should be locked inside a desk or cabinet rather than left on the desk when a supervisor or HR files clerk goes to lunch.

A separate recommendation in this audit report to digitize personnel records will help address confidentiality concerns. In the meantime, however, the above procedures should be implemented.

Management's Response: Management agrees with this recommendation. We are working to develop a plan to digitize records and establishing related procedures to ensure the highest levels of confidentiality and to mitigate risk in this area. In the meantime, management has taken the following steps to mitigate the risk of data security and/or confidentiality concerns:

- *Employed a full-time Records File Clerk that overseers the file room area to protect the confidentiality and ensure that requested personnel folders and files are manually tracked in the active folder tracking system.*

- *Relocated HR personnel, who spends a considerable amount of time working in personnel folders, to a secure area accessed by a badge reader.*

Finding: Discrepancies exist in required record-keeping, classification and reporting functions for temporary employees.

To determine the degree of compliance with both federal and state requirements pertaining to how records of time, pay, and benefits for temporary employees are kept and reported, the audit team conducted *Test 5 – Temporary Employees*. Below is a summary of the findings from this test:

- As required all non-retired temporary employees are properly given the option to participate in the district's retirement plan.

- Retired employees' monthly hours as reported to TRS are estimated based on their gross wages and hourly pay rate.

- The audit team identified instances where retired employees worked more hours than permitted by TRS, while still receiving annuity payments. TRS was unable to identify these employees because they did not have the correct time records.

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- The audit team identified instances of improper employee classification in the *PeopleSoft* system. One employee was improperly classified as a substitute and another was not properly classified as a retiree.

- If TRS is unable to identify when annuity payments should be stopped due to the inaccurate reporting by the district, the district may be subject to reimbursement fees.

For further details pertaining to how this study was conducted see *Test 5 – Temporary* Employees in *Section 9 – Human Resources Test Audit* of this report.

Recommendation 7: Implement tracking procedures for the hours worked by retired employees. (High Priority)

Through interviews conducted with district personnel the audit team discovered that the district is currently working on implementing the *PeopleSoft* Web Clock functionality in order to capture the accurate hours worked by retired employees. The district should continue their plans to implement this electronic time keeping system, however, in the meantime it is important that these hours be tracked through alternative methods in order for the district's reports to be correct. The process of estimating these hours by using employees' gross wages and hourly pay rates is not effectively capturing the precise hours worked. When TRS does not receive the correct time records they may not properly stop employees' annuity payments. If these payments are not properly stopped due to inaccurate reporting, the district will be responsible for reimbursing TRS.

Until the automated Web Clock system is fully functional the district should consider a less automated means of tracking these hours, thereby reducing the risk of inaccurately reporting hours and subsequently reimbursing TRS for improperly issued annuity payments.

Management's Response: *Management agrees with this recommendation. The PeopleSoft Web Clock project is scheduled to be completed in August per our project plan and response to this finding in the payroll audit. Until this is completed, the Excel timesheets should continue to be utilized per our existing processes. We are currently monitoring and requesting the Excel timesheets from retirees to be submitted to Payroll by the 4th of each month for the previous month.*

Recommendation 8: Review system records to ensure retired employees are properly classified. (High Priority)

As noted in the finding above there were instances when retired employees were not properly classified in *PeopleSoft*. These incorrect classifications can result in the improper exclusion of employees in the reports sent to TRS. If an employee, and their applicable hours worked, are not properly reported to TRS, and an employee inappropriately receives an annuity payment, the district may be subject to reimbursement fees. The district should review system records and make changes to employees' classifications and statuses as needed.

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Management's Response: *Management agrees with this recommendation. During the onboarding registration process we have implemented tools to streamline the retiree tracking process. These tools will ensure correct classification for each new hire retiree. In partnership with the Payroll Department, Human Resources will also implement a weekly auditing process that requires classification reviews for each retiree based on TRS reporting.*

Section 3 – Recruitment and On-Boarding Activities

Recruitment and On-boarding

The importance that is placed on a school district's HR function in regard to filling vacant or open position within a reasonable length of time generally goes unchallenged. Of all HR personnel and employment processes, recruitment and on-boarding must take priority, and having in place a long-range plan and consistent operating procedures are tantamount to success of the HR function. Even though the work group requiring the most attention and effort is classroom teachers, the process in place for all support positions should also occur effortlessly.

Audit Findings and Recommendations

Commendation: The workflow process specific to new hires and scheduling their new employee orientation that has been developed by the directors Talent Operations, Talent Acquisition, and Total Reward is commendable.

As part of the onboarding experience, Fort Bend ISD requires every new employee to participate in two sections of new employee orientation (NEO) or new teacher orientation (NTO) that is staged by the HR Talent directorates, the benefits coordinators in payroll, and other departments. The first section involves filling out required papers such as I-9 and W-2 forms, emergency contact information, Social Security number verification system form, etc. The second section is the actual orientation, and it includes sharing information about, among others, the Board's goals, the district's strategic plan, employee handbook, the absence reporting system, employee benefits, employee relations, use of district provided technology, and accessing the employee's portal for online resources. At peak NEO time, some new employees participate in the second section through webinars and can download the same handouts given in the regular face-to-face section. NEO and NTO are held every Tuesday face-to-face.

Since ensuring successful completion of all documents and electronic data entry pertaining to each individual new hire involves personnel processes, actions, or functions, collaboration and smooth transition among these three directorates are essential. From receiving the recommendations to hire until the invitation to and scheduling new teacher or new employee orientation, the multiple steps in between are structured so that all HR required processes are completed. A look at the interactions and required activities of recruiting, compensation, and HR certification and data entry confirms the intricacies of the new hire processing. Figure 2 that follows details this work flow process.

Figure 2. New Hire Processing
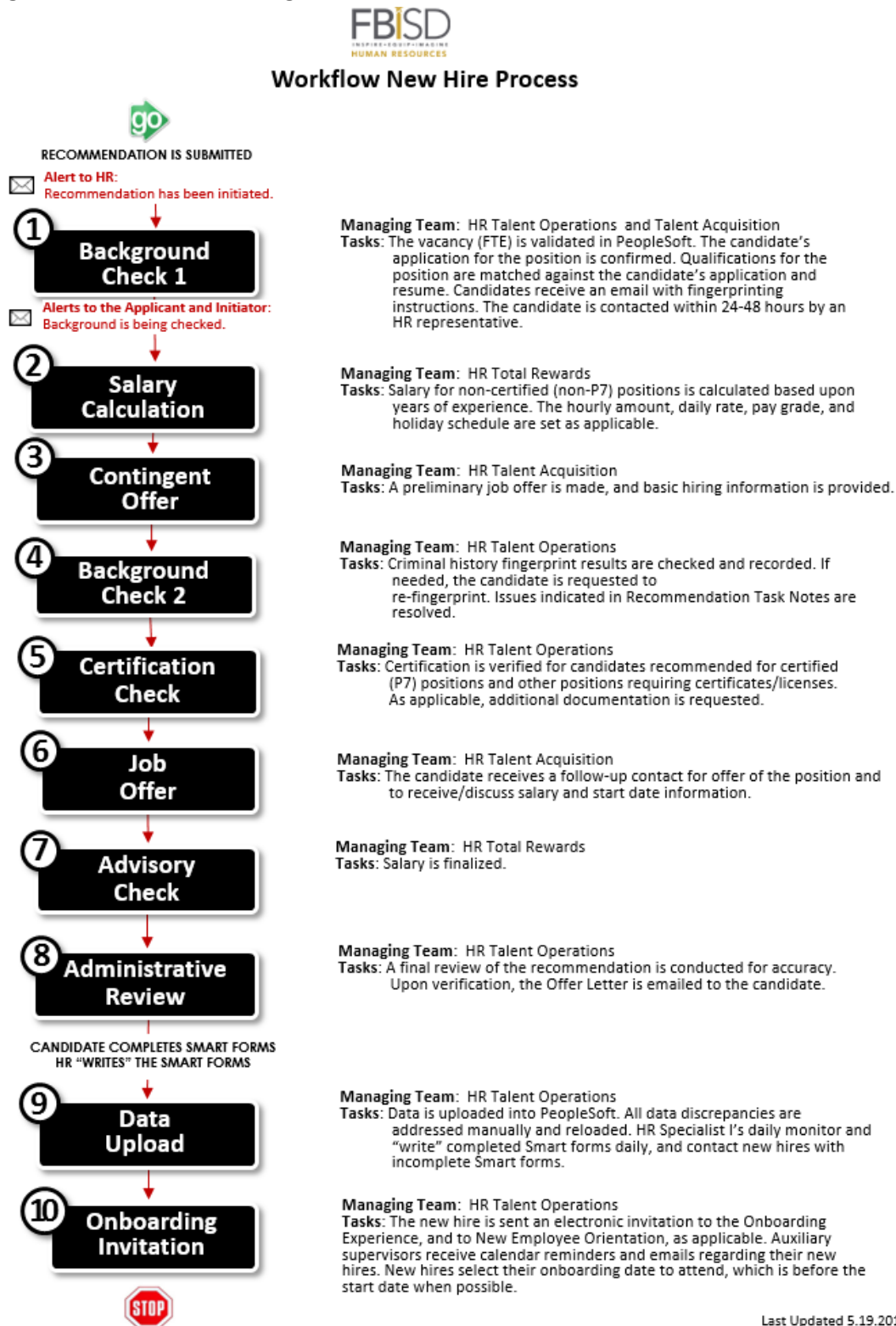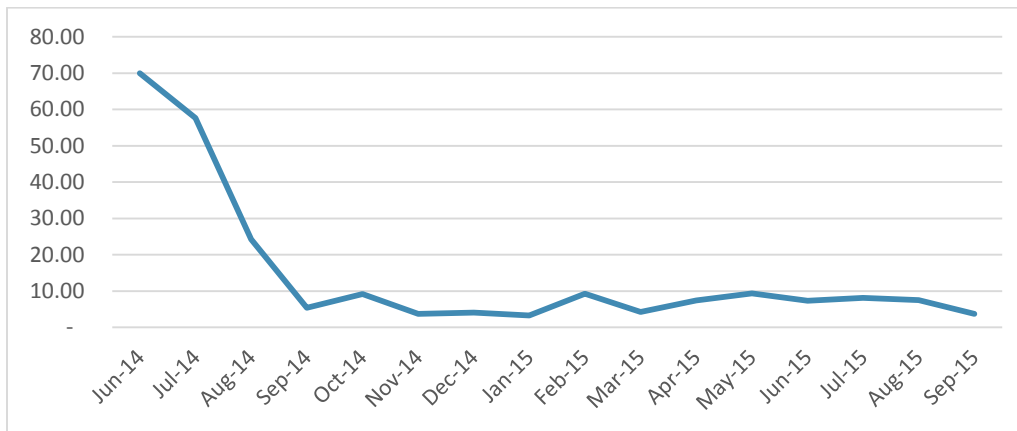

Source: Fort Bend ISD

Recognizing the necessity that HR complete each step in the new hire process completely and accurately, analyzing the components of each step, and developing a work flow or process map is commendable.

Commendation: The time between a principal's or other hiring supervisor's recommendation for hire and the time the employee is contracted or otherwise comes onboard has improved over time.

In focus groups, school and department leaders conveyed to the audit team that the time has significantly decreased over the past year and that they were aware of HR's efforts to reduce the time ever more. This need was identified through principal input during the development of the HR Division's Five-Year Plan; however, there is no other specific reference to this initiative in that plan.

The audit team conducted an audit test to determine whether the process of hiring an employee has in fact become more efficient over the past year (*Test 2 – Hiring Timeline)*. Through this analysis it was discovered that the average time between a principal or hiring supervisor's recommendation and the employment offer was 70 days in June 2014. This average decreased to four days by September 2015. For a graphical representation of this decrease over the past year see Figure 3 below.

Figure 3. Average Days, Recommendation to Offer

Source: Fort Bend ISD; Gibson Consulting Group, Inc. testing

For further details regarding *Test 2 – Hiring* Timeline see *Section 9 – Human Resources Audit* Testing of this report.

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Retention and Employee Turnover

In determining longevity, commitment, or actual work time as a Fort Bend ISD employee, calculations from databases provided to the audit team revealed that the average number of years working in Fort Bend ISD of all employees as off July 1, 2015, was 7.95 years. Similar calculations show that the average time that teachers, school-based administrators, and certified support staff, the largest employee pay group in the district, have been working in Fort Bend ISD is 8.84 years.

The need for an effective recruiting program is inversely proportional to employee retention. Strategies for successful employee retention programs include employee loyalty. Fort Bend ISD cannot require that its employees develop loyalty, but the district can earn it to the trust, respect, and commitment shown to the individuals that it hires. When the district demonstrates loyalty to its employees, they will reciprocate with commitment and loyalty.[16]

Fort Bend ISD holds an annual Staff Service Awards banquet to recognize employees with 20, 25, 30, 35, and 40+ years of service, as well as all retirees for that year. Approximately 400 employees and their guests are treated to a dinner, awarded a pin for service, given a packet which contains gift coupons to order items whose value is correlated to the employee's years of service, and a complimentary photo with the superintendent after the employee walks across the stage during the recognition ceremony. Also, all retirees receive a commemorative crystal vase. In 2016, the district will be adding an event for its 10- and 15-year service recipients by hosting an informal reception where they will receive service pins.

Data submitted by the district to the audit team show that Fort Bend ISD hired 849 teachers in 2014-15. Of that number, 658 or 76 percent returned to Fort Bend ISD to teach in 2015-16. According to another report, "Employee Exit Survey" (October 2, 2015), 665 employees who left the district responded to the online exit survey. When asked to identify *reasons* for the exit, 35.6 percent of the respondents marked "Employment at Another School District." Selecting "Employment in Another Field" was 11.6 percent; "Continuing Education," 7.8 percent; and "Elimination of Position," 1.1 percent. The data also included *types* of exit: resignation 84.36 percent; retirement, 15.03 percent; and non-renewal or termination, .61 per cent. The district began collected exit survey information electronically in April, 2015.

Table 8 provides a comparison of Fort Bend ISD teacher turnover rate or ratio with its peer districts. Data for 2014-15 were not available at the time of this report. The districts are listed in rank order with those having the greatest teacher turnover at the top. The median rate for the Texas' ten largest is 12.4 and 13.9 for Fort Bend ISD's geographical peers. When compared with the ten largest, Fort Bend ISD is just above the median. When compared with its geographical peers, Fort Bend ISD is about 1.25 points below the median.

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[16]   Excerpted   from   *How   to   Create   a   Winning   Employee   Retention   Strategy*, http://www.entrepreneur.com/article/76456

Table 8. Teacher Turnover Rates, 2009-10 through 2013-14

District	2009-10	2010-11	2011-12	2012-13	2013-14	Average
Ten Largest School Districts in Texas*						
Houston ISD	11.13	12.37	17.23	18.75	19.49	15.79
Aldine ISD	11.44	14.65	10.88	16.89	19.01	14.57
Fort Worth ISD	13.23	12.41	13.68	15.27	15.33	13.98
Dallas ISD	8.54	8.49	12.24	17.77	21.92	13.79
Austin ISD	10.62	11.78	13.63	15.48	14.61	13.22
Fort Bend ISD	*10.83*	*11.25*	*13.95*	*12.63*	*14.67*	*12.67*
Cypress Fairbanks ISD	9.90	11.30	11.11	11.97	13.57	11.57
North East ISD	8.18	10.54	9.19	11.06	13.1	10.41
Arlington ISD	8.16	9.18	9.51	10.6	11.61	9.81
Northside ISD	7.97	7.75	7.79	10.83	10.03	8.87
Geographical Peers						
Spring ISD	16.59	19.76	20.94	22.87	23.19	20.67
Humble ISD	16.84	13.98	17.45	17.34	18.33	16.79
Katy ISD	8.72	16.88	14.29	13.21	13.74	13.37
Fort Bend	*10.83*	*11.25*	*13.95*	*12.63*	*14.67*	*12.67*
Alief ISD	13.59	10.92	9.03	13.21	14.52	12.25
Pasadena ISD	11.57	11.78	10.87	13.43	13.56	12.24
Conroe ISD	11.44	11.36	8.45	11.9	13.07	11.24
Klein ISD	10.08	9.00	11.21	12.14	12.48	10.98

Source: Texas Education Agency, Texas Academic Performance Reports

Table Note: *Based on student enrollment

Tables 9 and 10 show that the rate of employee turnover is higher among non-teaching staff for the past five years, and the average turnover rate of all employees is 16.2 percent.

Table 9. Districtwide Employee Turnover Rate Percentage by Position – 2011 through 2014-15

Position	2010-11	2011-12	2012-13	2013-14	2014-15	Average
Teacher*	14.32%	12.48%	15.91%	8.08%	14.89%	13.14%
Other	15.69%	23.58%	19.23%	15.04%	19.43%	18.59%
Weighted Average Percentage of All Employees for Five Years						**16.22%**

Source: Fort Bend ISD Employee Turnover Statistics Report, September, 2015

Table Note: *Includes teachers-of-record, librarians, and counselors; does not include any school administrators or other professional support positions.

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Table 10. Resignations of Employee Types by Count – 2011-12 through 2014-15

Employee Type	2010-11	2011-12	2012-13	2013-14	2014-15
Administrator	12	15	20	16	33
Staff	728	1,097	920	779	1,132
Teacher	611	477	617	336	786
Grand Total	1,351	1,589	1,557	1,131	1,951

Source: Fort Bend ISD, October, 2015

Audit Findings and Recommendations

Commendation: Fort Bend ISD's decision to sponsor its own alternative certification program (ACP) and to partner with a successful "hometown" agency already providing the required training and courses is commendable.

The proposal, a collaboration of efforts in HR's Talent Acquisition and Talent Management divisions, received approval in October, 2015, from Fort Bend ISD's Superintendent and the executive leadership team. The goal of the partnership is to sufficiently prepare the teachers before they enter the classroom, as well as support them during their first two years of teaching. According to the proposal, 28 percent of all newly-hired teachers from January, 2014, to January, 2015, were enrolled in an ACP program provided by either online courses of study or face-to-face instruction and coaching. The model for the Fort Bend ACP program will be the latter which models and utilizes effective classroom instruction and strategies. The future teachers will experience the best practices and instructional strategies first hand within the classroom setting. The instructors will be using actual Fort Bend ISD classroom to model instructional strategies and other best practices in teaching.[17]

Further, the proposal reported that ACP teachers have the highest attrition rate among teachers new to teaching and noted that research by Profession Ed Fuller (Penn State University) into teacher turnover and attrition showed that those ACP teachers with 80 or more hours of required field experience had the lowest attrition rate. Those who worked on their certification online had the highest rate.[18]

The partnership with ACT Houston, which was begun by former Fort Bend ISD principals and administrators and now primarily staffed with retired Fort Bend ISD master teachers, allows Fort Bend ISD to oversee the training of potential employees who want to teach in its schools. The majority of ACP teachers who have been hired in Fort Bend ISD over the past four years have come through ACT Houston and TexasTeachers, another ACT agency.

Because of the partnership, Fort Bend ISD will actively participate in recruitment for ACP candidates and those who wish to teach and become certified in the district's hard-to-fill teaching areas and meet all admittance requirements will be given priority in assignment to a training cohort. As part of its

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[17] "Proposal for ACT Houston & Fort Bend ISD Partnership," September 1, 2015. Submitted by HR Division.
[18] Ibid.

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recruitment efforts to find secondary math and science teachers, Talent Acquisitions recruiters plan to begin attending local and regional job fairs held for professional scientists and engineers.

The partnership also assists the HR Division in achieving one of its goals, Career Pathways, by providing growth opportunities within the district.[19]

The scope of overall recruiting efforts will extend beyond attending fairs for educators. As well, Fort Bend ISD will provide classroom space to ACT Houston for face-to-face instruction both during the work week and on Saturday. Each ACP participant will be responsible for the fees charged by ACT Houston. Discussions, however, about the district paying fees for each candidate from grant or district funds in exchange for a written long-term (two to three years) commitment for the candidate to remain teaching in Fort Bend ISD have already occurred. This funding arrangement was not part of the current proposal.[20] The first cohort was scheduled to begin in January, 2016, for 25 candidates.

The efforts of Talent Acquisition, Talent Management, and HR Division leadership to become directly involved with the quality, quantity, retention rate, and success of its ACP teachers are commendable.

Commendation: The end products and projects resulting from the collaboration between the HR and Community Relations Divisions to attract and retain employees, especially teachers, are commendable.

Both departments have worked side-by-side in both their employee recruiting and retention efforts. Community Relations (CR) assisted HR in the development of improved interactive communications with employees and other district stakeholders. These projects are designed to improve and sustain employee engagement and climate/culture for all employees, especially among teachers, and include work with the district's independent research partner *K12 Insight* to improve two-way communication. The projects include *Let's Talk* and *Talent Connection*, online interactive communication tools that expedite any employee's inquiry about his or her work in Fort Bend ISD, as well as employee engagement surveys to be conducted every two years and annual campus climate surveys. Each of these projects identifies the factors that impact employee engagement the most and equip district leaders to be able to take focused action in key areas. For example, the 2013 employee engagement survey results showed that the best opportunities for increased engagement centered on improved transparency and collaborative decision-making. As a result, Fort Bend ISD made a concentrated effort on collaborating with staff members in decision-making processes, including the formation of a budget and compensation committee and a benefits committee, as well as keeping employees informed about what is going on throughout Fort Bend ISD through improved internal communications.

Specifically, for recruiting teachers, Community Relations assisted HR in the development of a teacher recruitment video by producing a script and concept for the video, as well as suggestions for campuses, teachers, employees, and students who could be utilized for the video. Also, CR provided on-site guidance during the two-day videotaping at various District locations. Before the project began, HR consulted with

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[19] Ibid.
[20] Ibid.

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CR about the video production in order to help HR understand the options for videographers, estimated costs, and production expectations.

The Fort Bend ISD Coordinator for Branding and Graphics Design also worked with HR on various recruitment branding packages. Some of the projects include:

- Branded materials for recruitment trips including banners, tablecloths, and give-away items

- Created the Talent Connection logo

- Graphics for website branding

- Materials for the All Star Talent Draft including logo, web support, printed materials, signage and baseball cards for all campuses and some departments

- Covers for the employee and substitute handbooks

- Marketing postcard

- Thank you competency cards and e-cards to help recognize employees excelling in a particular competency

- Materials for the onboarding experience including logo, multiple banners and signage

- Graphic treatments of charts and graphs for internal use including "Creating a Leadership Experience" and the chart for the performance management evaluation cycle

- New teacher orientation graphics

Considering the scope of the work projects and ultimate products developed by the collaboration between CR and HR, the unified efforts are commendable.

Finding: The disparity between the ethnic diversity of Fort Bend ISD employees compared to its students, while improving slightly in recent years, remains high.
In their teacher recruitment plans and programs, major urban and metropolitan school districts in the U.S. are attempting to address the needs for their students to have a teacher who looks like them, i.e., ethnic diversity. The likelihood that students of color in Fort Bend ISD will have a teacher of the same ethnic group is low. As the data show in Tables 11 and 12, the ethnic diversity of employees in the district differs from the diversity of students who attend school in the district.

In its five-year plan under 2015-16 recruiting goals states, "There is a disproportionately low representation of Hispanic and Asian teachers compared to FBISD's diverse student population. Targeted university recruiting efforts will be deployed within this demographic area to identify top talent, while continuing to ensure representation of FBISD's diverse community by recruiting in all demographic areas."

Table 11. Fort Bend ISD Employee Ethnicity 2010-11 through 2015-16

Ethnicity	2010-11		2011-12		2012-13		2013-14		2014-15	
	All	Teachers	All	Teachers	All	Teachers	All	Teachers	All	Teachers
African American	28.3%	26.1%	28.8%	25.8%	29.8%	26.2%	30.6%	27.2%	31.9%	28.2%
Hispanic	19.8%	11.1%	19.7%	11.2%	20.3%	12.1%	20.2%	12.3%	20.6%	12.8%
White	44.8%	56.1%	44.4%	56.3%	42.9%	54.9%	42.2%	53.7%	40.2%	51.8%
American Indian	1.1%	0.3%	1.1%	0.3%	1.0%	0.2%	1.0%	0.1%	1.0%	0.2%
Asian	5.7%	4.0%	5.8%	4.0%	5.7%	4.3%	5.7%	4.5%	6.1%	4.7%
Pacific Islander	0.0%	0.3%	0.0%	0.3%	0.0%	0.3%	0.0%	0.3%	0.0%	0.3%
Two or More Races	0.0%	2.0%	0.0%	1.9%	0.0%	1.9%	0.0%	1.9%	0.0%	2.1%
Total Left Blank	0.3%	0.0%	0.2%	0.0%	0.3%	0.0%	0.3%	0.0%	0.2%	0.0%
No Answer	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Fort Bend ISD Employee Database, October, 2015; TEA Texas Academic Performance Report

For comparison to the ethnic diversity of all employees and teachers, Table 12 shows the ethnicity of students enrolled in Fort Bend ISD during the same time period. The district is very close to being on target with African American teachers, but, as HR as pointed out in its plan, there is a need for both Hispanic and Asian teachers. The largest ethnicity group of employees is white; the largest ethnicity group of students is black. The second largest group of employees is black; the second largest ethnicity group of students is Hispanic. Asian students represent the third highest ethnicity group of students; the third highest ethnic group of employees is Hispanic.

Table 12. Ethnicity of Fort Bend Students 2010-11 through 2014-15

Ethnicity	2010-11	2011-12	2012-13	2013-14	2014-15
African American	29.4%	29.4%	29.1%	29.2%	28.7%
Hispanic	25.9%	26.2%	26.5%	26.4%	26.6%
White	20.3%	19.6%	19.2%	18.6%	17.9%
American Indian	0.6%	0.5%	0.4%	0.4%	0.4%
Asian	21.4%	21.8%	22.3%	22.9%	23.7%
Other	2.4%	2.5%	2.5%	2.6%	2.7%

Source: TEA PEIMS standard report Student Enrollment

Recommendation 9: Set a goal and develop strategies to attract and retain more ethnic minority employees, especially among teachers. (Medium Priority)

Teachers of color provide real-life examples to minority students of future career paths. In this way, increasing the number of current teachers of color may be instrumental to increasing the number of future teachers of color. And while there are effective teachers of many races, teachers of color have demonstrated success in increasing academic achievement for engaging students of similar

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backgrounds.[21] University of Pennsylvania professors Richard Ingersoll and Henry May's research on the minority teacher shortage nationally found that while the overall number of minority teachers available for hire has increased, turnover rates are significantly higher for minorities than for white teachers.[22] Recruitment alone will not solve the minority teacher shortage, but highly effective strategies may increase the number of entering teachers to a rate that outpaces turnover. The balance of recruitment and retention is critical. Finely tuned recruitment efforts that seek teachers who are likely to succeed and provide support while in the classroom, even in challenging schools, can help in increasing retention.[23]

Management's Response: *Management agrees with this recommendation. Recognizing Fort Bend ISD is one of the most culturally diverse school districts in Texas, we strive to attract a talent pool as rich as the students we support. During the 2015-2016 school year, FBISD will attend job fairs at colleges/universities in an attempt to recruit Hispanic teachers, including but not limited to:*

- *Texas A&M Kingsville*
- *Texas A&M Corpus Christi*
- *University of Texas - El Paso*
- *Region IV Puerto Rico Virtual Job Fair*

While universities are identified for specifically recruiting Hispanic teachers, Human Resources agrees with the recommendation of strategically recruiting Asian teachers. Universities with significant education majors of Asian descent will be identified and added to the list of colleges to recruit at in the 16-17 school year. Additionally, HR will partner with ACT Houston and identify and attend job fairs that are not teacher career fairs in hopes of recruiting ethnic minorities that are not education majors but are interested in teaching.

Finding: Considering the investment of time and money, results from participation in out-of-town teacher recruiting trips are not productive.

From September, 2014 through May, 2015 representatives of Fort Bend ISD and its HR Division participated in 98 teacher job fairs with emphasis on attracting teacher applicants who are certified in the teaching positions defined as hard-to-fill. These areas are special education, bilingual, secondary math, secondary science, and career and technical education or CATE. These out-of-district trips took Fort Bend recruiters, which occasionally included principals, to 34 colleges and universities in Texas, four in North Carolina, one in Tennessee, two in Oregon, three in Louisiana, and one in New Mexico. They attended multiple job fairs held more than once at the same college or university, especially among the larger teacher colleges in Texas. Selecting which job fairs outside Texas was based on the availability of upcoming graduates with certificates in the hard-to-fill areas. Fort Bend ISD recruiters participated in the twice

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[21] Thomas S. Dee, "Teachers, Race and Student Achievement in a Randomized Experiment," *The Review of Economics and Statistics* 86 (1) (2004): 195-210.

[22] Ingersoll, R.M. and May, H. (2011). *Recruitment, Retention and the Minority Teacher Shortage*. Consortium for Policy Research in Education. downloaded from *http://repository.upenn.edu/cgi/viewcontent.cgi?article=1232&context=gse_pubs*

[23] *Ibid*.

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annual job fair held by the Houston Area Teacher Center (HATC), a consortium and forum of over 30 area school districts which collaborate on common issues with the University of Houston, its sponsor.

From the various job fairs, the Fort Bend ISD recruiters returned with the email addresses of 611 applicants with whom they spoke at the job fairs. Follow-up emails were sent to each address, thanking the applicant for showing an interest in Fort Bend ISD. Through testing performed the audit team concluded that out of these 611 interested individuals, 40 were subsequently hired by the district. None of these 40 employees participated in job fairs outside of Texas, and the majority attended job fairs within the Fort Bend ISD and Greater Houston areas. For further details see the results of *Test 3 – Job Fair Applicants* in *Section 9 – Human Resources Audit Testing.*

The audit team also discovered that in March 2015, the HR Division hosted and sponsored its own teacher job fair, held in Fort Bend ISD, and they called it *All Star Talent Draft.* This event, as well as a similar event held in April 2014, was deemed successful and worth repeating. The announcement and pre-event publicity in 2015 invited prospective employees to meet school principals and other hiring managers who were seeking "rookies" and "free agents" to join their winning team. Interviews were held and job offers were made. To carry out the draft connection with sports, the event was held at the district's Constellation Field and participation was estimated at 1,500. The next All Star Draft has been scheduled for April 02, 2016. These in district events have been very successful, as compared to the out-of-town job fairs.

Recommendation 10: Re-evaluate participation in out-of-town teacher recruiting trips and increase efforts within both the Fort Bend ISD and the Greater Houston areas. (High Priority)

Except for recruiting in university job fairs that have a large percentage of Asian and Hispanic teacher graduates, a need identified above, the local area most likely will provide enough candidates for consideration.

Management's Response: Management disagrees with this recommendation. Fort Bend ISD is one of 55 school districts in the Region IV Educational Service Center (ESC) area. With a growing student enrollment, teacher retirements, and teachers choosing to leave education, all of these districts are competing to find certified, qualified teachers. In an effort to assist in filling these positions, Region IV ESC researched and reported the findings of data obtained from the most recent five years of TEA Standard Reports, Data, and Research (including SBEC certification data) through September 1, 2015. This research led to the report "Teacher Supply and Demand Projection Report for 2016-2017."

"Teacher Supply and Demand Projection Report for 2016-2017" reported the following information regarding the Region IV area as a whole:

- *Region IV districts will enroll 1, 218, 394 students in 2016-2017.*
- *Region IV area classrooms will need 74, 600 teachers.*
- *Region IV districts will need to fill 12, 647 positions - 15% teacher turnover and approximately 1700 new positions.*
- *Region IV districts will collectively need to recruit an additional 8000 teachers for 2016-2017.*

- *Texas, as a whole, is not producing enough teachers to keep up with student enrollment.*

It is clear the Greater Houston area will not produce enough teachers to fill the positions needed throughout the Region IV area. However, with just over 3500 out-of-state teachers being certified in Texas, districts must recruit at out of state colleges/universities and/or out-of-state job fairs.

Fort Bend ISD strives to recruit the best talent for the students we serve. As suggested by Region IV ESC, we believe that in order to locate top talent, recruitment must include seeking candidates within a national market. Although past efforts to recruit via out-of-state job fairs has have not been highly productive, the HR staff has continued to refine their approach to this strategy due to their belief such efforts are necessary to meet the increasing needs of the district. The HR Department will continue to monitor the results of recruiting efforts to refine their practices and to ensure a more significant return on their investment of time and fiscal resources.

Section 4 – Employee Discipline and Evaluation

Background

Employee discipline and evaluation are two concepts that are highly interconnected. To discipline an employee, principals and other supervisors must have well-prepared documentation to substantiate any adverse employment action decision. But to have good documentation, supervisors need a well-crafted disciplinary policy to enforce.

Some of the most common problems at work that require discipline include dress code violations, poor attendance, and inappropriate or offensive behavior. Human resources professionals should develop a plan for how to address the most common disciplinary infractions before they occur.

Employment lawyers agree that more cases are won and lost because of documentation than any other factor because, when making decisions, juries like to have specific, hands-on references in front of them that account for or report the errant behavior of the plaintiff.[24] For example, an employee who is terminated or fired for coming in late every day for three months might win a wrongful termination lawsuit if the supervisor never documented the fact that the employee was late, and the supervisor provided satisfactory ratings for punctuality on the performance evaluation.

The first step to keeping employee discipline problems to a minimum is making sure that the ground rules are clearly communicated to employees. In addition to a clearly communicated disciplinary policy, employers should have a prohibition against discrimination and harassment in their workplaces. The employee discipline policy must be communicated to employees by periodically providing a copy to each employee, posting it, and including it in the employee handbook. Employees should be required to sign an acknowledgment that they have received and read the policy. The disciplinary policy also should be covered in new employee orientation.[25]

Fort Bend *Board Policies DN (LOCAL) and DNA (LOCAL)* that apply to employees are accessible online under the Board of Trustees tab and listed as *Board Policy Manual.* The *Fort Bend ISD Employee Handbook* which provides capsulized information about policies is also found on the district's website under the tab Human Resources and listed as *Employee Handbook*. Principals and supervisors have immediate access online through the intranet *Pipeline* to the district's *Progressive Discipline Manual* to be used for addressing behavior or disciplinary issued among non-professional, at will employees. If a principal or supervisor needs to produce documentation to address professional staff issues, the HR Department of Talent Experience individually assists on an as needed basis.

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[24] Excerpted from *HR Guide to Employment Law: A Practical Compliance Reference*, downloaded from https://store.hrhero.com
[25] *Ibid.*

In addition to the employee handbook, the HR Division has placed on its website the *Talent Interactive Playbook,* a searchable electronic resource that employees can use to pinpoint specific to answers pertaining to various HR matters. For example, if the employee should select "performance management" or "non-teacher evaluations," he or she is linked directly to a page from the *Playbook* that briefly summarizes these measures. A further link is provided to access the *Fort Bend ISD Performance Management Playbook* which contains detailed requirements of employee appraisals and evaluations.

During orientation for employees new to Fort Bend ISD, contents of the discipline policies, evaluations/appraisals, employee handbook and *Talent Playbook* are discussed.

Like most other HR functions in school districts in regard to evaluating teachers and principals, the Fort Bend ISD HR Division is only responsible for managing the employee appraisal of performance process or the Professional Development and Appraisal System (PDAS). These responsibilities include:

- Providing orientation to new teachers and annual review of returning teachers
- Ensuring that appraisers are officially certified to administer PDAS or T-TESS
- Conducting training sessions on the use of PDAS and T-TESS
- Establishing timelines and publishing the evaluation calendar for the appraisal year
- Ensuring steps in the actual process are followed
- Filling individual teacher/principal summaries and records showing the PDAS requirements are met
- No administrator in HR or central administration has input into the content or the ratings that appraisers assign to an individual teacher.

Audit Findings and Recommendations

Finding: Job descriptions of Fort Bend ISD employees do not accurately reflect the actual work or tasks that they are performing in their daily routines.
A job description is a plain-language tool or document that describes the tasks, duties, functions, and responsibilities of a position. It outlines the details of who performs a specific type of work, how that work is to be completed, and the frequency and the purpose of the work as it relates to the district's mission and goals.[26]

Participants in interviews and focus groups of support staff told the audit team said that they had not seen their job description recently and that a review of the job description was not conducted as part of the annual evaluation conference with the supervisor. Participants often told the audit team that the greatest percentage of their daily work routines was to "perform other duties as assigned," the last essential duty and responsibility listed on each Fort Bend ISD job descriptions the audit team reviewed

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[26] Excerpted from "Developing Job Descriptions," May 19, 2015. www.SHRM.org

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Fort Bend ISD Board policy *DN (LOCAL)* requires that "The employee's performance of assigned duties and other job-related criteria shall provide the basis for the employee's evaluation and appraisal. Employees shall be informed of the criteria on which they will be evaluated."[27] Board Policy *DC (LOCAL)* requires the qualifications, duties, and responsibilities of all employee positions are defined and that job descriptions are current and accessible to employees and supervisors.[28]

In a curriculum audit report that was produced for the Fort Bend ISD Board in July, 2013, the Texas Association of School Administrators (TASA) recommended that the Board "Direct the superintendent to provide an annual status report to the board regarding the alignment of the table of organizations, job descriptions and related appraisal instruments, and achievement of the system's intended outcomes."[29] Further, the same study recommended that the Superintendent "Prepare a set of written job descriptions and related appraisal instruments for all employees and establish and maintain up-to-date inventory of these documents."[30]

Total Rewards has launched a project that incorporates the three critical components of job management (job analysis, job documentation, and job evaluation), essential factors in successfully managing the compensation plan and salary structure as well as providing the structure for rewriting and updating all of the job descriptions in the district. HR collaborators working on the already-established job description revision project have finalized their scope of work which calls for 25 teams in 2015-16 to review about 151 job descriptions in phase one. The end product, new job descriptions, will be managed by a new online software for job description management which the district is considering to purchase.

Recommendation 11: Review and revise job descriptions to ensure they accurately reflect the expected work or job tasks of each employee. (Medium Priority)

A job description gives an employee a clear and concise resource to be used as a guide for job performance. Likewise, a supervisor can use a job description as a measuring tool to ensure that the employee is meeting job expectations.

Management's Response: Management agrees with the recommendation that job descriptions must accurately reflect the expected work or job task of each position Work has been ongoing in this areas since, in response to the 2013 TASA Curriculum Audit, staff has undertaken a comprehensive approach to reviewing and updating all job descriptions. Currently, all positions have defined qualifications, duties, and responsibilities and job descriptions are kept current and located on our pipeline for all employees to access. Our job description tracking record indicates we have updated 129 job descriptions in the past year and a half and updated our pipeline with each revision. In an effort to improve our processes, an online job description management system is being considered.

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[27] Fort Bend ISD Board Policy *DN (LOCAL)*
[28] Fort Bend ISD Board Policy *DC (LOCAL)*
[29] *A Curriculum Audit,* ™ Texas Curriculum Management Audit Center, Texas Association of School Administrators, July 2013, Recommendation G.1.7
[30] Ibid, A.1.2

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Finding: Among non-certificated employees, goal setting conferences universally are not being conducted.

Some Fort Bend ISD employee groups, such as teachers, participate as individuals in annual goal setting conferences with their supervisors at the beginning of the year. Those employees in this process are asked to complete an *Annual Goal Setting and Performance Appraisal* form in advance of the meeting with their supervisors which will show the alignment between their goals for the year and the district's goals, mission, vision, core beliefs and commitments. The *Fort Bend ISD Performance Management Playbook* names as a major goal of performance planning between an employees and supervisors "to explicitly identify the link between the employee's job responsibilities and the objectives and mission of the department/campus and district."[31] However, this step in the performance management cycle is not universally happening according to input from interviews and focus groups.

The audit team saw evidence that recently Talents Management had begun to revise and update appraisal instruments specific to some Fort Bend ISD work groups and their specific work tasks and responsibilities (e.g., school nurse and licensed specialist in school psychology (LSSP)). The appraisal form includes spaces for the employee and his or her supervisor to show evidence of accomplishment of individual goals established in the beginning of the appraisal year. This approach needs to be expanded to all employee groups.

Recommendation 12: Institute individual employee goal setting conferences as part of the annual employee evaluation process for all employee groups. (Low Priority)

When employees know how they individually support the efforts of their work group and when they establish what their own individual contributions to the success of that group will be, there is unity and team spirit that results in positive work performance and ultimately above average evaluations.

Management's Response: *Management agrees with this recommendation. Fort Bend ISD made revisions to all Non-Campus Administrator Performance Appraisals. The new instrument includes a goal setting component. In addition, all new evaluations that have been created for professional positions as well as non-instructional and instructional paraprofessionals include goal setting. The following are some of the evaluation instruments that have been revised to include goal setting:*

- *Nurse*
- *Counselor*
- *Social Worker*
- *LSSP*
- *Librarians*
- *Campus Assessment Coordinators*
- *Ropes Manager*
- *Secondary Reading Specialist*
- *Math Specialist*

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[31] *Fort Bend ISD Performance Management Playbook*, p. 3.

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- *Data Specialists*
- *Drop Out Prevention*
- *Special Education Department Heads*
- *O-Lab Teachers*
- *Safe and Secure School Counselors*
- *CCR Advisors*
- *Campus Compliance Coordinators*

Further, FBISD served as a pilot district for the new teacher evaluation system in Texas, The Texas Teacher Evaluation and Support system and the new principal evaluation system, The Texas Principal Evaluation and Support System (TPESS). These evaluation systems include a robust goal setting component.

Section 5 – Benefits Management

Background

Employee benefits in public school districts constitute a large, complex, and ever-changing set of programs that are either mandated by federal or state law (such as benefits like Social Security, unemployment insurance, workers' compensation) or are voluntarily provided by the district to help attract, retain, and motivate employees and to contribute to the district's strategic objectives. Such voluntary benefits include retirement savings programs, disability income, and paid time off. The distinction between mandated and voluntary benefits has become somewhat blurred in recent years, as the federal and state governments mandate requirements to all employers that once were voluntary (e.g., family and leave and state mandates to health insurance contracts). Health insurance has traditionally been a voluntary benefit but under recent health care reform will become a mandated benefit (unless employers choose instead to pay a per-employee penalty).[32]

The employee benefits program and operation in Fort Bend ISD is conducted as a part of the Payroll Department which is assigned to the Chief Finance Officer (CFO). Specific to the Fort Bend benefits office are the management of the district's health insurance plans, supplemental employee benefits, and compensation benefit programs that include interacting with insurance vendors and third party administrators. Implementing the Affordable Care Act (ACA) rules and regulations and ensuring compliance with Internal Revenue Service (IRS), and Department of Labor (DoL) to protect the district against fines and penalties require dedicated time.

The Fort Bend ISD Director of Payroll and Benefits supervises benefits staff. A payroll/benefits manager processes wage garnishments, voluntary deductions, and assists the director with both payroll and benefits issues. This position also assists retiring employees with completing forms for the Teachers Retirement System (TRS). The coordinator of benefits assists with communication, education, and claims analysis. Three benefits specialists are responsible for benefits enrollment for new employees and processing any changes to benefits for employees. They are also responsible for payments to third party benefits vendors. The recent hiring of a benefits coordinator who came from a pharmaceutical background to assist the Director is expected to reduce the response time of inquiries from employees with benefits questions, especially in regard to prescription coverage and similar benefits.

Since March, 2014, the district has been using a professional benefits managerial and administrative consulting firm at no cost to the district to administer the Fort Bend ISD benefits plans. This firm manages the RFP (request for proposal) process whenever the district is considering new providers or vendors for the various benefits plans. However, the district's benefits committee goes over the RFP, reviews the proposals whenever they are received with guidance and leadership from the consultant, and decides

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[32] McConnell, John H. *Auditing the Human Resources Department.* 2nd Edition. American Management Association, 2013, p. 233.

which vendors to recommend. Through the same RFP process, the current consulting firm was recommended to become the administrator.

Table 13 shows the percent of employees in Fort Bend ISD who participate in each of the benefits plans the district offers.

Table 13. Employee Enrollment in Fort Bend ISD Benefits by Percent

Benefits Plan	Percentage of Employees Enrolled
Medical	
Choice Plus	32%
Choice Premium	20%
Choice HRA	19%
Dental	
HMO	25%
NAP	26%
Value Plan	15%
Vision	51%
Flexible Spending Accounts	
Healthcare	12%
Dependent Care	1%
Disability	
14 Day Elimination	33%
90 Day Elimination	4%
Supplemental Life and AD&D	
Employee	33%
Spouse	12%
Child	12%
Prepaid Legal	8%

Source: Fort Bend ISD Director of Payroll/Benefits, October 27, 2015

Audit Findings and Recommendations

Commendation: Fort Bend ISD has restored the benefit of an Employee Assistance Program (EAP) at no cost to the employee.

Beginning in January, 2015, all employees in Fort Bend ISD again were able to use the benefits of an EAP program. This benefit had been suspended about two years earlier. The provider for the new EAP program was selected based on solicitation through the RFP process. The benefits of the EAP assists employees as they manage daily responsibilities, major events, work stresses, and any other issues affecting their quality of life.

An EAP program is designed to benefit both employers and employees. They help organizations address productivity issues by helping employees identify and resolve personal concerns that affect job

performance. Through prevention, identification, and resolution of these issues, an EAP enhances employee and workplace effectiveness and is a vital tool for maintaining and improving worker health and productivity, retaining valued employees, and returning employees to work after illnesses or injuries.[33] Fort Bend ISD leadership and the benefits and HR Division are confident that returning the EAP program will contribute to:

- Decreased absenteeism
- Reduced accidents and fewer workers compensation claims
- Greater employee retention
- Fewer labor disputes
- Significantly reduced medical costs arising from early identification and treatment of individual mental health and substance use issues

The district's estimated cost of the EAP at $1.12 per employee per month is around $118,000.

Bringing back an EAP program helps both the employee and the district. This action and investment is therefore commendable.

Finding: The Fort Bend ISD benefits program has not been subject to an eligibility audit in recent years. Exemplary benefits management, especially for medical coverage programs like those provided by Fort Bend ISD, requires periodic audits to verify eligibility of health benefits plan dependents. No dependent eligibility audits have been conducted by Fort Bend ISD benefits to determine any payments or claims are being made to ineligible persons. The district's health benefit plans cover not just its employees but their dependents as well. According to a report in November 2015, given to the audit team from the benefits department, 7,009 employees are enrolled in all tiers of the medical insurance plans offered by the district. These employees claim 4,891 dependents. An audit would ensure that overpayments due to claims by ineligible claimants are not being incurred.

In interviews and other correspondence with the Director of Payroll/Benefits, the audit team was told that no dependent eligibility audit has been planned even though the district recognizes an audit as one of the most compelling means to obtain immediate savings and protect its health plans from unnecessary and fraudulent claim expenditures.

HRAdvance, one of the business arms of SHRM, that provides dependent audit services reports that in recent years its clients have found, on average, that 11 percent of dependents receiving coverage have been ineligible. According to the report, generally these included dependents that were not enrolled as full-time students and not receiving their principle support from the covered employee.[34] Historically,

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[33] *Employee Assistance Programs for a New Generation of Employees: Defining the Next Generation,* downloaded from www.dol.gov/odep

[34] Stephen Miller. "Dependent Eligibility Audits Impacted by Reform Law." April 15, 2010. www.shrm.org/hrdisciplines/benefits

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dependent coverage and subsequent audits have required employees with covered dependents to provide proof of relationship, financial responsibility, and student status to prove eligibility.

However, with the implementation of the *Patient Protection and Affordable Care Act (PPACA),* or "Obamacare," and subsequent modifications (March 2010), the eligibility age of dependents advanced to 26 and employees would no longer have to prove financial responsibility or student status for child dependents. As a result, HRAdvance predicts that the potential number of ineligible dependents that could be found in an audit will drop from 11 percent to about 8 percent. Nevertheless, HRAdvance contends, an audit will remain cost effective for employers to continue to find and exclude dependents age 26 or older, as well as other ineligible non-spouse/partner adults receiving coverage through a family plan.[35]

HMS, one of the major U.S. companies dedicated to healthcare cost containment for government funded, commercial, and private entities, has found that in its own dependent auditing work for its clients, on average 8.1 percent of dependents enrolled in plans are ineligible for coverage and should be removed.[36] HMS also reported that the average cost per member for medical and prescriptions is $3,000 per year.[37]

Recommendation 13: Contract with an external professional firm to conduct an employee dependent eligibility audit of the Fort Bend ISD medical benefits plans. (High Priority)

Based on common results from these audits and using the typical ineligible rate of dependents audited of 8 percent, Fort Bend ISD could expect to find about 400 ineligible dependents. At an estimate average cost of $3,000 per year, the approximate annual savings would be $1.2 million.

Once the initial audit is completed, Fort Bend ISD should include a review of dependents upon employment. The most progressive HR and benefits leaders leverage technology to launch the dependent audit as a logical extension of the hiring process. Such a real-time approach maximizes the district's cost containment efforts by never allowing ineligible dependents to enroll. This approach demonstrates a high level of adherence to *ERISA (Employee Retirement Income Security Act)* mandates.

The audit team conducted an audit test on workers' compensation claims. For test results see *Test 9 – Workers' Compensation Claims* in *Section 9 – Human Resources Audit Testing* of this report.

Management's Response: *Management agrees with this recommendation. The Benefits area is currently working with our medical consultants, MHBT to secure a firm to conduct a dependent eligibility audit. Tentative plan to have audit performed January 2017 due to the high number of changes during Open Enrollment which will occur October 2015.*

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[35] *Ibid.*
[36] Excerpted from "Understanding Dependent Eligibility Audits: Straight to the Point." www.HMS.com
[37] *Ibid.*

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Section 6 – Position Management

Background

Fort Bend ISD is transitioning to use fully its *PeopleSoft* Position Management (PM) module that is part of its HCM electronic system. Position Management is an electronic inventory of jobs or positions and the individuals assigned to them. Currently, one senior consultant in Talent Operations is assigned primary responsibilities for setting up positions in *PeopleSoft* PM and conducting related processes. Twice per year, HR sends to all principals and departmental supervisors a PUF (personnel utilization form) report that lists the positions assigned to their schools or departments, the names of the employees assigned to the position and the FTE. If there are vacancies, they appear on the PUF report. Before the report is printed and distributed by HR, Budget has already supplied the funding codes for each position. After they have been analyzed, the PUF reports are return to HR Talent Operations and the errors are corrected and reconciled.

Generally, the basic premises of PM are:

- Schools and departments should not hire more individuals than they have funding for.

- Number of budgeted FTE's should equal the number of positions in the district.

- The PM identification codes for each position should match the employee's job codes.

- Vacant positions that schools and departments have that are not funded should be deactivated or reclassified to job titles for which there is funding in the budget.

- Schools and departments should use the availability of PM reports to identify what positons are assigned to their organization.

Audit Findings and Recommendations

Commendation: Strict adherence to staffing guidelines for schools to ensure correct employment numbers is commendable.

Because PM is a critical function both in terms of instructional needs and costs to the district, guidelines to control the number of employees allocated to each campus are written and followed. The efforts of Talent Operations and its PM functions and principals to ensure adherence to guidelines is commendable.

Finding: The manual process for updating position management data increases the potential for error.
Fort Bend ISD principals have their own separate school budget book that lists positions. The Director and senior consultant responsible for PM in Talent Operations have their own spread-sheet files with positions. Both budget books and PM spreadsheets or files are updated manually which increases the potential for error.

Principals, when making their master schedules for the subsequent school year, may move several teachers from one teaching slot or grade level or subject assignment to another. Sometimes, high school and middle school principals decide to discontinue offering an elective course that does not have sufficient student interest. In effect, they are moving people, and often the new assignment is later found to be not funded in the district wide budget. Since student enrollment or average daily membership (ADM) changes from one school year to the next, schools may lose budgeted positions, a situation that normally means that the number of teachers at the school will have to be lowered. Sometimes, however, this reduction that occurs in PM is not necessarily communicated properly to principals. Conversely, positions may be assigned to a school but remain unfilled because the principal is not aware of the allocation. All too often, HR and the PM office are left out of these staffing decisions and changes.

The ability to corroborate electronically into one data base these separate and manual processes and to provide sharing of these data bases is currently provided by the district's HCM system.

Recommendation 14: Rely fully on the HCM modules dedicated to PM or position control that are already accessible to end manual, duplicative spreadsheet systems. (Medium Priority)

Development of a work-flow process to bring all school-based and other hiring supervisors into an understanding and an electronic association with Talent Operations and its PM processes and with the district's budget department is a critical first step.

Management's Response: Management agrees with this recommendation. In partnership with IT, Human Resources will work jointly with HCM Stakeholders to implement position control functionality based on the project priorities that are agreed upon.

Finding: The current process to determine the existence of an actual position vacancy causes delays in filling it.
There are delays in identifying and filling vacancies in the district. For example, during interviews with HR staff responsible for position management, the audit team discovered that one of the delays in filling vacancies is caused by the inability to determine timely and accurately where vacant positions exist and if they are funded. At times the only methods to determine which schools have vacancies waiting to be filled depends on principals generating and sending forward to HR a request to post a position to start the recruiting process. Or, HR staff has to call the principal by telephone and ask about vacancies. At times, principals are not able to respond accurately.

More often than not, principals delay sending in the request for posting in a timely manner. At other times principals intentionally hold vacancies to avoid the possibility of having to accept the placement of senior teachers who must be transferred for legitimate staffing reasons. Having to accept these mandatory placements by HR means that principals cannot fill vacancies from the applicant pool. This "game playing" related to school staffing makes it difficult for HR to correctly verify or double check position availability.

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Recommendation 15: Establish enforceable procedures that will ensure that vacancies are reported to HR. (High Priority)

In order to reduce the delays in filling position vacancies, it is important that supervisors and principals send vacancy posting requests to the HR Division in a timely manner. The HR Division should create and enforce procedures requiring the timely reporting of vacancies to HR.

Management's Response: Management agrees with this recommendation. In partnership with IT, Human Resources will work jointly with HCM Stakeholders regarding implementation of position control functionality in PeopleSoft. Moving to a model where there is a 1:1 relationship between positions and employees will be a significant change to the District and will assist in addressing the concerns about knowledge of vacant positions as it applies to Human Resources and Business & Finance areas.

We are also aware that the accountability at the supervisor level for campuses and departments needs to be enforced regarding reporting exits of employees and open positions as Human Resources does not have a way of capturing this information until the exit or change form is submitted. In order to partially address this concern, Human Resources will also partner with Technology to integrate exit and change real time alerts in the Manager Self-Serve tool. The real time alerts will provide hiring managers with additional assistance, guidance and accountability protocols concerning headcounts and vacancies associated with a change in position.

Finding: Fort Bend ISD is not assigning unique position control numbers to every position in the district. The Fort Bend ISD PM system tracks information based on positions. This software allows HR and Budget to create a framework of positions for all jobs in Fort Bend ISD with regard as to whether or not there is an incumbent in a specific job. The way that *PeopleSoft* Position Management is currently configured, several employees can occupy the same position. And the approach is not applied consistently. For example, the five fourth grade teachers at the same elementary school have the same position number. However, the five fourth grade teachers at another elementary school have different position numbers.

Recommendation 16: Finalize and implement planned improvements to the PM system. (Medium Priority)

Talent Operations is developing a plan to ultimately assign a unique position number, or one for one, for each employee assigned to a school or department rather than maintaining multiple employees assigned to the same position number. Once fully implemented, this change will make allocating positions more compatible with head count and FTEs. Employees assigned to a vacant position assume the number for the unique position. A unique position can be funded at 0.5 FTE or some other allocation less than 1.0 FTE. Currently, assigning one position number to multiple incumbents confuses the FTE count and requires that the PM senior consultant rely on memory as to which positions are funded at less than one FTE.

Management's Response: Management agrees with this recommendation. Per Recommendation 14 and 15 Human Resources will partner with IT and HCM Stakeholders to implement position control within PeopleSoft, including setting up 1:1 relationship for each position and employee.

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Finding: The cost of teacher absences and subsequently the cost of substitute teachers has steadily increased for the past five years.

Table 14 shows the percentage of Fort Bend ISD's total operating costs that have been expended to pay substitute teachers for 2010-11 through 2014-15. Like other large urban school districts nationally, Fort Bend ISD is experiencing the multiple economic consequences of teacher absenteeism. In addition to the necessity of hiring substitute instructional personnel, the district must pay the absent teachers and absorb increased administrative and recruiting expenses. Accordingly, because of the significant impact of absenteeism and the financial responsibilities to account for all its expenses especially in "crunch" times, slight improvements in teacher attendance could free up much-needed funds that districts could allocate for more productive uses. The impact that teacher absences have on student achievement is harder to quantify, but the most current research indicates that there is a definite correlation between teacher attendance and student learning.[38]

Another recent report, *Addressing Teacher Absenteeism*, prepared for the Wisconsin Association of School Boards (WASB), quoted earlier research that estimated at the local level, substitute teacher expenditures may constitute a full 1 percent of some districts annual budgets.[39] Fort Bend ISD is approaching that level.

Table 14. Substitute Teachers Percentage of Total Operating Costs

Year	Total Operating Costs	Substitutes Cost	Sub Percentage
2011 Actual	$617,351,481	$4,476,276	0.73%
2012 Actual	$601,753,221	$4,270,999	0.71%
2013 Actual	$594,007,321	$5,394,196	0.91%
2014 Actual	$633,790,480	$6,125,751	0.97%
2015 Actual	*	$6,685,009	

Source: Fort Bend ISD, October, 2015; Texas Education Agency
Table Note: *Final 2015 actual operating costs not available through Texas Education Agency

Recommendation 17: Implement strategies and incentives that are effective in reducing absences among teachers. (Medium Priority)

Teaching is one of few professions that require a substitute or replacement when absence occurs in order for the job still to be accomplished. As with any other profession, teachers too have a need to be absent from time to time. Because teacher absences can be costly to school districts, a trend is evolving to implement attendance incentives to increase staff attendance.[40] The most popular possibility is to return to the regular teaching staff some of the monies saved by good attendance.

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[38] *Districts offer incentives to curb teacher absences. Education World,* November 11, 2015, http://www.educationworld.com
[39] *Ibid.*
[40] Clotfelter, C. T., Ladd, H. F., & Vigdor, J. L. (2009). Are teacher absences worth worrying about in the United States? Education Finance and Policy, 4(2), 115- 149.

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In its June, 2014, the National Council on Teacher Quality (NCTQ), published a report from research it had conducted using data from 40 of the largest school districts in the U.S. entitled *Roll Call: The importance of teacher attendance.*[41] The report contains several strategies that some of these school districts are using to improve teacher attendance. Included were:

- Payment for unused sick leave at the end of the school year
- Rewarding excellent attendance with additional leave or compensation
- Restricting leave on specific dates on the annual school calendar
- Requiring medical certification for sick leave taken on Fridays and/or Mondays
- Allowing personal leave on every other school day than Friday or Monday
- Including teacher attendance as a measure in teacher evaluation

Management's Response: *Management agrees with this recommendation. The Human Resources area is currently reviewing sub usage reports in order to introduce effective absence reduction strategies. An absence committee has also been created to review and recommend strategies for absence reduction. The first objective of this committee is to review the school business (SB) category and implement measurable procedures and processes that will reduce the SB day category. Human Resources will also work to implement monthly employee attendance presentations at administrative meetings effective 2016-17 SY. The monthly employee attendance presentations will include the following:*

- *Year to Year comparison of employee absence variance by campus/location*
- *Total absences based on day of the week*
- *Utilization percentage based on previous school year*
- *Absences for all school codes included School Business Days*

The audit team conducted two audit tests (*Test 7 – Validation of Staffing* Guidelines and *Test 8 – Employee Mobility)* to corroborate processes described in interviews and to add support to the recommendations. The audit team found strict adherence to staffing guidelines for schools. Through the review of employee mobility (*Test 8 – Employee Mobility)*, the audit team did not find anything unusual. For further detail regarding these tests, refer to *Section 9 – Human Resources Audit Testing* of this report.

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[41] Downloaded from http://www.nctq.org/dmsView/RollCall_TeacherAttendance

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Section 7 – Information Technology

Background

An urban districts' Human Resource Information System (HRIS) is an integrated software package or online solution for efficiently entering and tracking data day-to-day, and accessing stored electronic data from Human Resources and other software components or applications, including payroll, management, and accounting functions. Typically, the HRIS provides overall:

- Management of all employee information

- Reporting and Analysis of employee information

- District-related documents such as job descriptions, employee handbooks, emergency evacuation procedures, and safety guidelines

- Benefits administration including enrollment, status changes, and personal information updating

- Complete integration with Payroll and other district financial software and accounting systems

- Applicant tracking and resume management

The most effective and efficient HRIS can provide the ability to track:

- Personal employee information
- Attendance, leaves, and absences
- Salary assignments by schedule, pay increases, and history of individual compensation
- Updating annual service reports
- Teacher certifications and notifications of renewal
- Positions held over time
- Performance appraisals and staff development plans
- Training completed
- Disciplinary actions received
- Applicant tracking, interviewing, and selection

In recent years the term *Human Capital Management* or *HCM* has begun to displace both the terms *HRIS* and *HCMS (Human Capital Management System)* as an umbrella term for integrated software for both employee records and talent management processes. The records component provides managers with the information they need to make decisions that are based on data. Talent management can include dedicated modules for recruitment, performance management, learning, and compensation management, as well as other applications related to attracting, developing and retaining employees.

Fort Bend ISD in 2007 purchased Oracles' *PeopleSoft*, a robust software system that was part of the district's Enterprise Resource Planning (ERP). This software allows an organization like Fort Bend ISD to

use a system of integrated applications to manage the business and automate many back office functions related to technology, services, and HR.

The different but related *PeopleSoft* modules that Fort Bend ISD purchased that are related to HR functions and operations are *HCM* or *HRIS*, absence management, benefits, and payroll. Projects between HR and the *PeopleSoft* staff in Fort Bend ISD's Information Technology (IT) office to make these modules optimally functional are ongoing. For example, team members from IT, HR Talent Operations, and Payroll are involved in a project to universally capture employee time and attendance through a web clock application that will interface directly with the time and labor solution within the *PeopleSoft* payroll module.

Other electronic software systems and applications used in HR in Fort Bend ISD functions include:

- *Kronos* – collects time and absences reports of hourly-paid employees which are pulled and loaded into *PeopleSoft* payroll via a load process.

- *Aesop* – primarily a substitute employee finder and placement system but also used for payroll reporting for substitutes and absence reporting for all other employees (except hourly); collected data loaded into *PeopleSoft* payroll via a load process.

- *WinOcular* – system used by all applicants for employment and by principals and hiring managers to view applicant data and arrange for interviews; applicant data contained in the application on new hires are loaded into *PeopleSoft* HCM after requisite forms new hire are completed.

Audit Findings and Recommendations

Finding**: **Plans to make the HR office paperless have not been fully developed.
The Division's five-year-plan only mentions "paperless personnel action processing" that automates employee leaves, exit and position change processes and the development of requisite online forms for these processes. One sentence in the plan is devoted to developing "scanning of HR records."

The HR departments of large urban school districts such as Fort Bend ISD are increasingly researching the feasibility of scanning hard copies of various types of employment documents, including all conventional incoming mail, and retaining only the electronic copies and routing them as the daily routine course of business. Federal and state rules generally do not prevent such implementations if the districts ensure that their electronic record maintenance systems are secure, accurate, reliable, and accessible (in that they permit rapid electronic retrieval and hard-copy production when necessary). However, certain legal regulations impose more detailed requirements for some types of documents, and evidentiary considerations sometimes affect how a district designs their electronic document maintenance systems.

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Recommendation 18: Develop a plan to remove the reliance on all paper documents. (High Priority)

Primary among these efforts is to acquire or implement an electronic data management, storage, and retrieval process for electronic documents and files. The use of an electronic system for storage, preservation, and security of personnel files and all other HR personnel documents will reduce the risk that hard copy documents are misplaced or lost, ensuring all completed documents are properly retained.

Once the electronic document management system is in place, Fort Bend ISD must ensure that it has established clear parameters around which employees have access to which files. It must implement proven security and password protections to ensure that access is provided only to those with a need to know. A backup system must be in place to ensure data are not lost and a secondary backup system in the event both the software and its backup are destroyed. Fort Bend ISD must provide training to end users on how to properly use and protect information in the document management system.

Management's Response: *Management agrees with this recommendation. FBISD has engaged the Chief of Staff and Strategic Planning Program Management Office to pursue procurement and implementation of a district-wide document management system. The selected vendor will scan existing documents and apply metadata to provide comprehensive search capabilities. This will drastically reduce the district's generation of and reliance on paper documents.*

Finding: The HR Division lacks seamless integration of its applicant tracking system and performance evaluation processes within its HCM software system.
Fort Bend ISD has been using *WinOcular* as its applicant tracking system for several years. This system's integration with the *PeopleSoft* HCM has not been automated. HR leadership and other users told the audit team that earlier there had been discussions about the need to replace *WinOcular*, but a plan or project development for a replacement has not begun. Mention of the need is also referenced in the HR five-year plan.

In addition, the district's performance evaluation process is not currently automated or integrated with the *PeopleSoft* HCM software system. *PeopleSoft* has a self-service evaluation management application for managers and supervisors, employees, and HR administrators. The district holds a license for this module, however, it is not currently being used.

Recommendation 19: Research ways to automate and integrate both applicant tracking and performance evaluation systems, starting with available *Oracle* and/or *PeopleSoft* modules. (Medium Priority)

The district should research applicant tracking and performance evaluation systems that will effectively automate these processes and provide seamless integration with *PeopleSoft's* HCM. The modules within the *PeopleSoft* system should be researched and considered first, as the district already holds licenses for some of these modules and they would support more efficient and effective integration with the system. The applicant tracking system chosen should enable the district to manage workforce acquisition across all employee categories and assist HR to:

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- Create and manage job openings
- Enter and manage applicant information
- Manage job postings
- Search for job openings and applicants
- Route applicants to appropriate principals or hiring managers
- Screen applicants
- Manage applicant interviews
- Manage offers to hire
- Prepare applicants for hiring

The performance evaluation system chosen should serve as a tool for planning, collaboration, communication, assessment, and monitoring of evaluations for both performance and development purposes. It should also support the entire evaluation process, from planning and aligning employee performance or development goals with the district's objectives and goals, through assessing and rewarding employee performance results within the right behaviors.

Management's Response: *Management agrees with this recommendation. At this time, Oracle is no longer supporting the Talent Acquisition Module due to their purchase and focus on the Taleo product. Based on this information, fact, FBISD has recently terminated their licenses to this module. We are looking at replacing our applicant tracking system, however, this will require a request for proposal (RFP) to be defined and distributed for vendor responses. In partnership with Technology, Human Resources will compile technical assessment questions and information for the request for proposal (RFP) to replace our existing applicant tracking system. IT resources will participate in the RFP review of vendor responses to ensure solution selected will be able to generate data files that allow interfaces to be developed to/from PeopleSoft to automate data flows. This project will require joint collaboration between HR and IT for design and implementation and significant change management and communication planning as it will affect all campuses and departments. As indicated in recommendation 14 Human Resources will work jointly with Technology and HCM Stakeholders to implement position control functionality based on the project priorities that are agreed upon.*

Additional information in these regards is found in *Section 9 – Human Resources Audit Testing* in this report. Please see *Test 6 – Access Levels* and *Test 10 – WinOcular Applicants* in *Section 9 – Human Resources Audit Testing* of this report.

Section 8 – Compensation Structure

Background

In April, 2013, the compensation section of the TASB reported on the results of a Fort Bend ISD compensation study that it had been contracted to complete. This study included an explanation of the general purpose and methodology of pay systems and a summary of findings and recommendations with supporting data. The report and its accompanying tables, matrices, and electronic salary assignment calculations tool became the base for the district's current compensation and pay plan. Since the initial implementation, adjustments to reflect any pay raises in a budget year as a percentage of midpoint have been made. The CHRO told the audit team that since the TASB report some problems with salary compression have been addressed. Salary compression occurs whenever the district or any organization pays similar salaries despite different qualifications and/or experience levels. Both compression and inversion (i.e., higher salaries for less qualified or less experienced employees than for more senior colleagues) are a function of market influences as well as institutional policies on pay progression, the process by which an individual employee attains higher levels of pay within a pay grade.

The district elected to retain its experience level or step-by-step salary structure for teachers. All other jobs are assigned to pay grades with minimum, midpoint, and maximum salary ranges. Calculations of initial salary assignment for new hires for teachers are based on the number of years of creditable previous experience. That number determines placement on the appropriate step in the teacher salary schedule. The salary of new hires in all other jobs is also based on creditable prior work experience, but the district uses a template suggested by TASB to calculate placement within the appropriate pay grade. No salary of non-teacher new hires falls below the minimum of the assigned pay grade nor does it exceed the maximum in the range.

The average teacher salary paid in Fort Bend ISD is $56,671. For all employees in all pay categories except the superintendent the average salary is $51,914.

Table 15 compares the salary schedules of neighboring school districts with the same salary scale format. The steps represent the salaries paid in five-year experience increments. It also shows the rank that Fort Bend ISD occupies when compared to the other district. Fort Bend ISD is tied with Humble ISD as the third highest beginning salary. Both districts pay $50,500. In every other case, Fort Bend ISD's rank ranges from second or third. For teachers with 5 years' experience, the Fort Bend ISD rank is fourth. The neighboring school district which consistently ranks first in five of the six experience categories is Alief ISD. Following with more second places is Cypress Fairbanks ISD. In the upper levels of teaching experience, Fort Bend ISD pays more than Houston ISD which ranks fourth or fifth in all categories.

Aldine ISD, Klein ISD, and Spring ISD use pay ranges instead of a conventional step salary schedules for teachers. However, each district posts on their websites zero experience salaries: Aldine ISD, $51,000;

Klein ISD, $51,000; and Spring ISD, $51,500. All three pay a beginning salary that is $500 higher than Fort Bend ISD.

Table 15. Teacher Salary Scale by Experience Level Compared to Neighboring School Districts 2015-16

Years of Experience	Neighboring School Districts								Fort Bend ISD Rank
	Fort Bend	**Houston**	**CyFair**	**Katy**	**Pasadena**	**Conroe**	**Alief**	**Humble**	
Zero	$50,500	$51,500	$51,500	$50,100	$50,130	$50,000	$52,000	$50,500	3 Tie
5 years	$53,000	$53,500	$53,660	$52,000	$51,730	$51,745	$53,582	$52,700	4
10	$55,500	$54,750	$55,404	$54,550	$54,645	$53,155	$56,480	$54,000	2
15	$58,000	$56,500	$58,448	$56,750	$56,222	$55,382	$59,944	$55,200	3
20	$60,500	$60,300	$61,708	$60,200	$58,878	$57,680	$63,147	$57,365	3
25	$64,264	$63,600	$64,967	$62,675	$61,508	$61,438	$66,567	$61,434	3
30		$66,900	$68,227	$66,200	$64,358				
35		$71,500	$71,052	$69,650					
40			$73,770	$73,300					

Source: Individual District's Website

Table Note: The number of steps in the individual salary schedules differs among the districts.

Audit Findings and Recommendations

Finding: Employees in both Payroll and HR input data into the district's payroll system.
HR Total Rewards and Talent Acquisition, both departments within HR, have responsibilities, beyond assigning initial salary, for inputting actual pay data into the Payroll software system. Generally all data input pertaining to salary is a Payroll function.

Total Rewards manages the compensation and pay plan for Fort Bend ISD and determines salary assignment of new hires, adjustment to current salaries, and other aspects relating to salary. These determinations, once approved by HR, are entered by HR into Payroll. The Payroll Department's responsibility is to pay through written checks or direct deposit the amount entered by Total Rewards. For example, if an employee changes jobs or position, the advisor in HR Total Rewards who is assigned to that employee processes the change in *PeopleSoft Payroll* after the Talent Operations group has approved the change. Advisors in Total Rewards are assigned district employees by alphabet.

In addition to the Total Rewards group, the substitute office in Talent Acquisition also has tasks that affect payroll processing. Specifically, the advisors in the substitute office are responsible for all Human Resource and Payroll aspects relating to substitutes. After initial interviews for employment as a substitute are completed and the applicant is approved to substitute, the substitute office conducts on-boarding procedures and initiates payments to substitutes by reviewing *Aesop* reports and making changes in *PeopleSoft Payroll* as necessary to ensure proper payment to all substitutes.

Data entry and verification of the actual amount of salary an employee will be paid and to trigger an upcoming pay check are traditionally and typically performed by the Payroll Department, not HR. Payroll is an accounting function, and all payroll related processes should fall under this department.

Recommendation 20: Assign to Payroll the data entry responsibilities of actual pay after HR has completed initial salary assignment and other adjustments in pay. (High Priority)

By the nature of their work and assignment of responsibilities, advisors in Total Rewards are changing payments to employees each payroll. Advisors in Talent Acquisition or the substitute office are adding new substitutes to the approved rosters and assigning salaries each payroll. Ultimately, ensuring the accuracy of employees' pay is a Payroll function and thus should be under the supervision of the CFO, instead of the CHRO. As well, HR does not consistently alert Payroll that there are data changes that are still in process before or missing in order to complete the payroll cycle.

Management's Response: Management agrees with this recommendation. Automation efforts are underway and should be complete by June 2017. To the extent duties need to be separated after automation, a portion of the Total Rewards Advisors responsibilities will be transferred to Finance no later than December 2017.

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Section 9 – Human Resources Audit Testing

The audit team executed a number of audit tests in the Human Resources Division. The purpose of the audit tests was to corroborate processes described in interviews, obtain tangible evidence of how documentation is maintained within the HR Division, and evaluate compliance with applicable laws, policies and procedures. This section of the report outlines each of the tests executed and the findings from such tests. All documentation used in testing was provided to the audit team by Fort Bend ISD HR staff.

Test 1 – Personnel Files

The objective of this test was to ensure that employee files are complete and contain record of key aspects of the hiring process (e.g., applications, references, certifications, etc.). The population for this test was all employees working in the district as of June 30, 2015, as well as all terminated employees. From these populations, a sample of forty-five employees was selected, covering the following categories of positions: Professional (teachers included), Paraprofessional, Auxiliary, and Substitutes. For each employee, the audit team obtained and reviewed their entire employee file. Every piece of documentation contained within the file was examined to validate that all key documents are being retained in the file.

Depending on an employee's position category and hire date, all employee folders were expected to contain the following key documents, as applicable based on the position category and the date documents were put into use:

- Application submitted by employee
- References
- Resume
- Employment recommendation form
- College transcripts/high school diploma
- Copy of certification
- Original service records
- Fingerprint verification
- Documentation of background check
- Direct deposit form
- W-4 form
- I-9 form
- Signed contract or employment offer form
- Signed Job Description

- Onboarding Action Sheet
- Employee handbook acknowledgment form
- Signed drug/alcohol abuse policy
- Signed internet acceptable use policy
- Hepatitis B form
- Credentials file list
- Confidentiality agreement
- Personnel initial record
- Copy of social security card
- SS number verification system form
- Social security statement
- TRS verification form
- Annual appraisals
- Termination worksheet, form and letter

There were several instances where the documentation within the employee files were not complete or otherwise inconsistent with what would be expected to be contained in the file. Table 16 presents a

summary of the number of employee personnel files that were missing each of the key documents listed above.

Table 16. Summary of Employee File Review Findings

No. of Employees	Missing Documents
0	Application, Onboarding Sheet
1 – 2	Certification, Drug/Alcohol Abuse Policy, Internet Acceptable Use Policy, Hepatitis B Form, Personnel Initial Record
3 – 5	References, Recommendation Form, Service Records, Background Check, Credentials List, Termination paperwork
6 – 10	Resume, Transcript/Diploma, I-9, Offer Form/Contract, Handbook Acknowledgment Form, SS Card Copy, SS Statement
10 – 15	Fingerprint Verification, Signed Job Description
> 15	Direct Deposit Form, W-4 Form, Confidentiality Agreement, SSNVS Form, TRS Verification Form, Annual Appraisals

Source: Employee file review by Gibson Consulting Group

The findings noted above support Recommendation 18 from *Section 7 – Information Technology*. The use of an electronic data management, storage, and retrieval system for personnel files will reduce the risk that hard copy documents are misplaced or lost, ensuring all completed documents are properly retained. In addition, when implementing this recommendation the district should ensure that all new hire or on-boarding hard copy documents are scanned into the electronic data management system on the same day they are received by the HR Division. This is essential when maintaining electronic personnel files, as not all employees have the necessary resources to submit this paperwork electronically. The district should, however, encourage all new employees to submit all paperwork through the applicant tracking system. Lastly, if *WinOcular* is replaced or a different applicant tracking system is used for the integration into *PeopleSoft*, per Recommendation 19 in *Section 7 – Information Technology*, the district should ensure electronic forms for all documents are set up within the system to be completed through the system.

Test 2 – Hiring Timeline

The objective of this test was to identify where there are delays in the hiring process. In addition, through interviews conducted it was discovered that the district has experienced a decrease over the past year in the time it takes to hire new employees. Therefore the second objective of this test was to determine whether this process has in fact become more efficient over time. The audit team obtained a *WinOcular* report of all employees hired between April 2014 and September 2015, with all the dates in the hiring process that were captured in the system. The district began utilizing *WinOcular* to track these dates in April of 2014, therefore, the audit team was not able to obtain data from before this period in time.

For purposes of developing a hiring timeline, the following dates were noted from the *WinOcular* report obtained. The order outlined below represents the order in which events take place.

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1. <u>Application date</u> – represents the date a candidate submits the application through the *WinOcular* system.

2. <u>Recommendation to hire date</u> – point when HR receives notification of an applicant being recommended for vacant position. Notification comes from principals, department heads, and any others in charge of hiring. The form must be signed and sent to HR or completed through the *WinOcular* system.

3. <u>Background check date</u> – represents the date when the applicant's criminal history check is completed.

4. <u>Certification verification date</u> – point when HR has validated the applicant is certified as required based on the vacant position.

5. <u>Offer date</u> – represents the date when the applicant is offered and accepts the position.

6. <u>Employment start date</u> – represents the employees first day of work.

Using the *WinOcular* report, the audit team aggregated the results of all captured employees to determine the average number of days between key points in the hiring process. The key points were driven based on feedback given during interviews and focus group sessions with staff. Table 17 outlines the average lag between these identified key dates as well as the high and low lag times. In any instance where a date was not captured by the *WinOcular* system, it was not counted toward the average days.

**Table 17. Summary of Hiring Timeline Review Findings**

Description of Analysis	Average Days	Low - High
Recommendation date to background check date	9	0 - 105
Recommendation date to certification verification date	10	0 - 98
Recommendation date to offer date	7	0 - 105
Recommendation date to start date	36	0 - 207

Source: Hiring Timeline review by Gibson Consulting Group

Throughout performing this analysis, the audit team noted that there were several dates that occurred out of order, according to the order of hiring dates 1-6 listed above. There were instances where the background check date, certification verification date, offer date, and start date occurred before the recommendation to hire date. Several of these instances were due to the incorrect manual entry of dates into the *WinOcular* system. Through further investigation the audit team also noted that several applicants were offered a position or began employment before the recommendation to hire form was submitted to HR. As these dates are outliers and resulted in negative values in the analysis summarized in Table 19 above, they were not counted toward the average days.

To determine the change in the time it takes the district to hire an employee, the audit team analyzed the average number of days between these key points in time by month, see Figure 4.

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Figure 4. Summary of Average Days between Key Points in Hiring Timeline
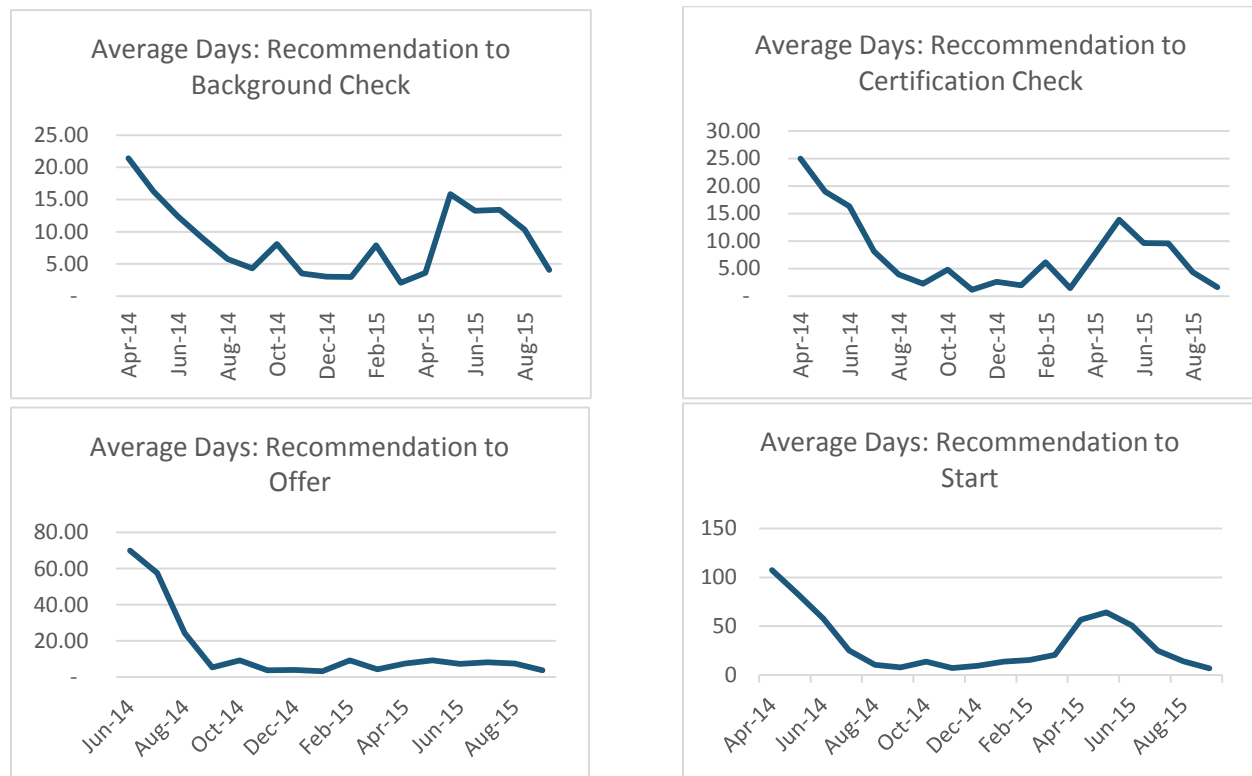
Source: Hiring Timeline review by Gibson Consulting Group

The average days between these points in time all decreased from April 2014 to September 2015, with the most significant decrease occurring from April to September 2014. This was a result of the implementation of *WinOcular* uploads and workflow processes. In three of the figures above it is also evident that there were spikes in the average number of days in May 2015, due to the numerous recommendations, terminations and employee changes that are processed during this time of the year.

As mentioned in *Test 1 – Personnel Files*, the district should encourage all new employees to submit their paperwork through the applicant tracking system. This would reduce the risk of incorrectly manually entering dates into the system, as the dates would be captured through the submission of the electronic documents. There would also be fewer dates that are not captured due to the lack of manually entering the dates into the system. In addition, the findings noted above support Recommendation 19 from *Section 7 – Information Technology*; the applicant tracking system that is utilized and integrated into *PeopleSoft* should be able to route applicants to appropriate principals or hiring managers to facilitate the recommendation to hire process and the system should be able to manage offers to hire. These two system capabilities should be designed to ensure that an employee could not receive an offer or begin employment prior to being recommended, ensuring that the correct order of the hiring timeline is adhered to.

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Test 3 – Job Fair Applicants

The objective of this test was to assess how successful out-of-district job fairs are by determining how many individuals that attended a college or university job fair and expressed interest in Fort Bend ISD were subsequently employed by the district. The audit team compared all 611 interested individuals that attended the FY 2015 job fairs to a listing of district employees as of 9/30/2015. Forty (7%) of these job fair attendees were subsequently hired by the district. These 40 employees represent 1.8 percent of the total number of employees hired by the district after the date of the first job fair, 9/18/2014. The most successful job fairs were University of Houston and Texas A&M University, which resulted in the employment of 22 employees. Table 18 summarizes the number of employees hired by job fair attended.

Table 18. Summary of Job Fair Applicant Review Findings

Job Fair Attended	Number of Employees Hired
University of Houston	15
Texas A&M University	7
Houston Baptist University	3
University of Houston – Clear Lake	3
Other	12

Source: Job fair applicant review by Gibson Consulting Group

For more information pertaining to the recruitment of employees, refer to *Section 3 – Recruitment and On-Boarding Activities*.

Test 4 – Employee Appraisals

The objective of this test was to assess the timeliness and compliance with appraisal policies and procedures. The HR Division publishes an Appraisal Calendar and Timeline each year. The document contains information on when to conduct appraisals and submit them to the HR Division. There are Board policies that also establish requirements for the performance and documentation of employee appraisals. Specifically, the district has the following policies:

- Board Policy DN (Local) requires all employees to have at least one evaluative conference annually. All appraisal records, reports, and correspondence should be placed in the employee's personnel records, and all employees should receive a copy of their annual written evaluation.

- Board Policy DNA (Legal) states that teachers may be appraised less frequently than annually if the teacher agrees in writing and their most recent evaluation rating was at least proficient, and did not identify any area of deficiency. All teachers must be appraised at least once every five years. In addition, teachers must be appraised by a certified PDAS appraiser. Lastly, each teacher should be notified of the results of the appraisal and is entitled to receive a written copy. A written copy should also be placed in the teacher's personnel file.

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- Board policy DN-R requires all non-contractual employees to be evaluated at least once annually by their immediate supervisor. Copies of the written evaluation should be given to the employee, kept by the immediate supervisor, and forwarded to HR for the employee's file.

To test compliance of appraisal completion, the audit team selected a total of 30 employees and reviewed all of the appraisals retained in their personnel files from their date of hire. The 30 sampled employees included nine teachers, nine hourly employees, five paraprofessionals, four educators, and three administrators. Below is a summary of the findings from this testing:

- Fourteen of the 18 non-contractual employees were not appraised by their immediate supervisor.

- Seven employees' appraisals had no documented language indicating that the employee received a written copy of the appraisal.

- Seven employees' appraisals had a separate signature line to indicate the employee received a copy, however one or more of each of these employees' appraisals did not contain their signature.

- Twenty-seven employees had one or more missing appraisals from their personnel files. Twelve of the 14 employees with only one missing appraisal were missing the FY 2015 appraisal, six of whom were teachers. Six of the eight employees missing two appraisals were missing the FY 2014 and FY 2015 appraisals. Table 19 presents a summary of the employees with missing appraisals.

Table 19. Summary of Employee Appraisal Review Findings

Number of Employees	Number of Missing Appraisals
3	0
14	1
8	2
5	> 2

Source: Employee appraisal review by Gibson Consulting Group

Recommendation 21: Implement more robust monitoring of appraisal compliance. (Medium Priority)

The results of this test make it evident that there is a lack of monitoring appraisal compliance in the HR Division. Through the review of employee appraisals, the audit team identified multiple instances of non-compliance with all three Board policies listed above (DN (Local), DNA (Legal), and DN-R). The HR Division should implement procedures to monitor appraisal compliance and ensure that all employees are evaluated according to Board policy.

Management's Response: Management agrees with this recommendation. Increased measures should be implemented to ensure compliance with DN-Local, DNA Legal and DN-R.

Employee evaluations are important tools for FBISD to drive employee development opportunities. At the time of the audit, all evaluations were paper based, making compliance with DN policies a challenge. Beginning in 2016, evaluations for our largest employee job group, teachers, will be housed within the

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Eduphoria software platform. Replacing our paper-based appraisal processes with a web-based performance management system will allow HR to better analyze and monitor evaluation compliance with DN-Local, DNA Legal and DN-R, and will enhance our capability to provide notifications in a timely fashion to evaluators when documentation is not provided in alignment with the district's established timeline for evaluation submissions. Human Resources is exploring the use of other performance management software applications for non-instructional personnel. Performance management software will drive and foster employee engagement and provide both employees and managers the ability to review performance progress regularly, set worthwhile goals and ensure objectives are updated and relevant throughout the year. It is our intention to submit a formal proposal for a performance management system for non-instructional employees by June 2017.

Test 5 – Temporary Employees

The objectives of this test were to determine whether: 1) temporary employees working 1,000 hours or more per year have been given the option to participate in the district's retirement plan, per ERISA, and 2) the hours temporary retired employees worked per month were accurately reported to TRS.

The audit team obtained a listing of all temporary employees, including retirees, with the hours worked per pay period from July 2013 through September 2015. The annual hours worked by non-retired temporary employees were reviewed and those employees that worked 1,000 hours or more per year were identified. The audit team confirmed with the district that all of these employees were properly given the option to participate in the district's retirement plan.

During the review of the hours retired employees worked per pay period, the audit team discovered that district pay periods often cross over calendar months. For example, the pay period ending 5/10/2015 began on 4/27/2015. Therefore the hours worked during four days in this pay period should be applied to the total hours worked for the month of April, and the hours worked for the other 10 days should be applied to May. Through interviews conducted with HR personnel, it was noted that these hours worked per pay period, for payroll purposes, are the only hours tracked by the district. Monthly hours worked as reported to TRS are estimated based on the retired employees' monthly gross wages and hourly pay rate. Due to this, there is a higher risk that these employees are working more hours than reported, and potentially more hours than allowed while still receiving annuity payments.

The audit team used the report of hours worked per pay period to calculate the approximate number of hours these employees worked per month. This was done in order to narrow down the listing to those retired employees that had the highest risk of working more hours than allowed under TRS while still receiving full annuity payments. Using these approximate hours, a total of nine employees were identified that potentially worked more hours than permitted during one or more months from July 2013 through September 2015, based on the following TRS guidelines[42]:

- No limits on employment; no loss of annuity if employee retired before January 1, 2011

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[42] TRS guidelines obtained from http://www.trs.state.tx.us/benefits/documents/employment_after_retirement.pdf

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- If employee retire after January 1, 2011, they can work as follows without losing any annuity payments:

  – As a substitute, without any limit on the number of days
  – As much as one-half time, each month
  – In a combination of substitute and work under the one-half time exception
  – In full-time employment (greater than one-half time) after a 12 full, consecutive calendar month break in service after the date of retirement

The audit team obtained the manual timesheets completed for each of the 15 months these nine identified employees potentially worked more hours than permitted. The hours worked per month were calculated and compared to the hours reported to TRS. The results of this comparison showed that none of the hours reported for these 15 months equaled the hours these employees worked according to their timesheets. The hours worked per the timesheets were one to seven times the hours reported to TRS. In addition, the hours worked for three of the nine employees were not reported to TRS at all. The audit team also noted that during three of these months more hours were worked than permitted according to TRS, however, as the hours that were reported were so much lower than the actual hours worked, these employees continued to receive annuity payments.

Throughout performing this analysis the audit team also discovered that at the time one of these retired employees was hired they were not classified in *PeopleSoft* as retired. This was discovered and corrected 11 months after the employee's date of hire, at which time the district began reporting the employee to TRS. In addition, another one of the nine employees, upon being hired in October 2012, was recorded in *PeopleSoft* as a substitute, even though the employee was working part-time. As a result the employee, and all hours worked have not been reported to TRS.

The findings noted above support Recommendation 7 and 8 from *Section 2 – Compliance with Laws and Regulations.* The proper tracking of monthly hours worked by retired employees and the proper classification of these employees in the PeopleSoft system will provide the district with the necessary information to accurately report these employees to TRS.

Test 6 – Access Levels

The first objective of this test was to ensure that access to employee files is properly restricted to the appropriate HR personnel. As stated in *Section 2 – Compliance with Laws and Regulations*, Fort Bend ISD maintains the majority of personnel files in a room secured by a door with key-card access. Due to the high volume of files and limited shelf-space in this room, the remaining files are stored in an outside room in conventional file cabinets. These files can be accessed by anyone in the HR department. To determine the appropriateness of the key-card access to the interior file room, the audit team obtained a listing of all employees that have been granted this access. This listing included a total of 13 employees. All of these employees work in the HR Division and have appropriate access given their job descriptions, except for one. This employee transferred from records to Talent Experience, but this access was not removed after the transfer.

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The findings noted above support Recommendation 18 from *Section 7 – Information Technology.* By utilizing an electronic data management system the district can properly restrict the number of individuals with access to personnel files by granting access to only the appropriate individuals in the HR Division.

The second objective of *Test 6 – Access Levels* was to ensure that access to key modules within *PeopleSoft* is properly restricted to the appropriate personnel. The audit team obtained a listing of all district employees with access to *PeopleSoft* and the level of access that they have. Based on the review of these access levels it was noted that a total of 38 employees have access to edit an employee's pay rate. The same 38 employees also have access to edit an employee's paycheck. Of these 38 employees, three work in Business Information Systems, one is a Receptionist, one is an executive assistant, and two are temporary employees. None of the employees in the Payroll Department have access to edit pay rates or paychecks.

Recommendation 22: Review employee's access to PeopleSoft for appropriateness. (Low Priority)

The Human Resources Division is responsible for setting up employees in the *PeopleSoft* system, including employees' initial pay rates, and therefore HR personnel should not also have access to edit individual paychecks. Changes to employees' paychecks is a payroll function, so access to edit paychecks should be restricted to Payroll personnel.

As stated in *Section 8 – Compensation Structure*, the responsibility of entering pay data into the system currently lies with employees in the HR Division. Prior to modifying employee access levels the district should implement Recommendation 20, and appropriately assign all payroll functions to the Payroll Department.

In addition, all of the employees with access to edit pay rates and paychecks should be reviewed to ensure that this access is restricted to the appropriate individuals.

Management's Response: *Management agrees with this recommendation. It is acknowledged that role-based security must be a focus to maintain security and integrity of the PeopleSoft system. The Technology area has addressed new security roles for payroll and benefits personnel, as well as removed correct history access from various roles based on payroll audit. Human Resources security role modifications have not been addressed due to changing roles, reorganizations, and other high visibility projects within the HR department. This will require significant work for both IT and HR including: 1) define the roles and what access is required to perform their daily roles; 2) create the new roles within PeopleSoft security; 3) HR to test out the roles to ensure the process is working as designed, and 4) migrating the new roles to PeopleSoft HCM Production environment once approved at the weekly Change Control Board meeting to document the system changes.*

Test 7 – Validation of Staffing Guidelines

The objective of this test was to ensure that the final staffing guidelines for FY 2016 were followed. The audit team selected a sample of 15 campuses (seven elementary schools, four middle schools, and four

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high schools) and obtained the staffing allocations for each. These allocations were compared to the final and approved district staffing guidelines. The audit team also compared these allocations to the list of approved staffing changes for FY 2016. From the review performed, there were no exceptions.

Test 8 – Employee Mobility

The objective of this test was to assess the rate of employee mobility within the district. The audit team obtained a listing of all district employees in FY 2011 through FY 2016, as of 10/30/2015, including employee location codes. The location codes of each employee were compared from year to year to determine how many times each employee changed locations within the past five years. Table 20 summarizes the number of employees that changed locations within the district one to four times between FY 2011 and FY 2016, and Table 21 presents the number of teachers that changed locations during this period of time.

Table 20. Summary of Employee Mobility Review Findings

Times Moved (FY 2011-2016)	Number of Employees
4	12
3	63
2	444
1	1,533
Total	**2,052**

Source: Employee mobility review by Gibson Consulting Group

Table 21. Summary of Teacher Mobility Review Findings

Times Moved (FY 2011-2016)	Number of Teachers
4	2
3	14
2	150
1	611
Total	**777**

Source: Teacher mobility review by Gibson Consulting Group

A high rate of employee mobility within the district could suggest that ineffective and poor performing employees are moved to different district locations rather than being provided additional training or being terminated. Due to the large number of employees in Fort Bend ISD, roughly eight to nine thousand, the employee mobility summarized above does not appear unusual. Therefore there is not a high risk that employees are moved to different locations within the district due to poor performance.

Test 9 – Workers' Compensation Claims

The objective of this test was to review the documentation retained and the process of handling workers' compensation claims. The audit team obtained a list of all workers' compensation claims in FY 2014 and

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FY 2015 and sampled five claims for review. According to the *Texas Department of Insurance, Division of Workers' Compensation Rule 120.*2, the first report of injury or illness must be filed within 8 days after the employee's absence from work or receipt of notice of occupational disease. The documentation maintained supported the timely reporting of incidents by the HR Division. Of the five samples, three were reported on the same day that the incident was reported to the HR Division and two were reported within four days. All claims included multiple claim status reports from the employees' medical provider. Based on the review of the documents, workers' compensation claims appear to be handled timely and appropriately.

Test 10 – *WinOcular* Applicants

Throughout interviews conducted with district personnel the audit team discovered that many employees believed the *WinOcular* applicant tracking system utilized by Fort Bend ISD contained numerous out-of-date applications. Due to this it can be difficult for HR personnel to review active applications. The audit team designed a test to determine how prevalent these out-of-date applications are.

The audit team obtained a listing of all applications within *WinOcular* as of 10/30/2015, directly from the system. This listing was analyzed to identify the prevalence of: 1) applicants with statuses that are no longer used by the district, 2) applicants with duplicate applications, 3) old applications, and 4) applicants with multiple applications.

Statuses No Longer in Use

Per discussion with HR personnel the audit team discovered that five applicant statuses are no longer used by the district: Active, CH Cleared, Fort Bend ISD Job Fair, Highly Qualified, and Declined Offer. Table 22 presents a summary of the number of applicants within *WinOcular* with these statuses.

Table 22. Summary of *WinOcular* Applicant Status Review Findings

Applicant Status	Number of Applicants	Percent of Total Applicants (111,961)
Active	31,564	28.2%
CH Cleared	9,825	8.8%
Fort Bend ISD Job Fair	393	0.4%
Highly Qualified	376	0.3%
Declined Offer	9	0.0%
Total	**42,167**	**37.7%**

Source: *WinOcular* applicant Status review by Gibson Consulting Group

In addition, the audit team identified over 5,000 applicants with a status of resigned, retired or terminated. These applicants, in addition to those represented in the summary above, total over 47,000 applicants (roughly 42 percent of total applicants) that are no longer working with the district or have statuses which are no longer in use.

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Duplicate Applications

During the audit team's analysis over 28,000 duplicate applications were identified, 25 percent of total applications (111,281[43]). A duplicate application exists when an applicant has more than one application in the system with the same application date. These duplicates are a result of a change in the applicant's status.

Old Applications

Using the listing of all *WinOcular* applications, the audit team created Table 23 that summarizes the number of applications dated in five different periods of time.

Table 23. Summary of *WinOcular* Application Date Review Findings

Year	Number of Applications	Percent of Total Applications
1996 – 2000	2,203	1.98%
2001 – 2005	10,995	9.88%
2006 – 2010	15,031	13.51%
2011 – 2013	41,740	37.51%
2014 – 2015	41,310	37.12%
2016+	2	0.00%
Total	**111,281**	**100%**

Source: *WinOcular* application date review by Gibson Consulting Group

Roughly 63 percent of applications retained in the *WinOcular* system as of 10/30/2015 were dated prior to 2014, and two applications (0.002%) contained a date in 2020. Upon further investigation the audit team discovered that these two future dated applications were entered into the system incorrectly.

Multiple Applications

The listing of applications obtained from *WinOcular* contained 82,908 applicants with unique identification numbers. 16,513 (20%) of these applicants had more than one application in the system. The multiple applications identified for each applicant had unique application dates, and therefore duplicate application dates were not included.

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[43] The number of applications included in the *WinOcular* listing was determined based on the number of application dates, as there is no unique identification number for each application submitted. The number of total applications (111,961) is larger as there were several applicants listed with no application date.

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Recommendation 23: Review applications retained within *WinOcular* and remove out-of-date applications. (Low Priority)

Based on the findings above it is evident that there are numerous applications retained within the *WinOcular* applicant tracking system that are out-of-date or no longer needed. All of these applications should be reviewed and the district should determine how many years of applicant records should be retained. It is recommended that no more than five years of historical records be retained. All older applications should be removed from the system. The *WinOcular* system should also be cleaned so that there is only one application on file for each applicant that represents their current or most recent submission.

If the *WinOcular* system is replaced, as mentioned in *Section 7 – Information Technology*, it is important that in the short-term, the *WinOcular* system be reviewed and cleaned so that HR personnel have quick access to the most recent and active applications.

Management's Response: *Management agrees with this recommendation. The Human Resources area is working with WinOcular to remove out-of-date applications from the system. The project is scheduled to be completed prior to July 2016.*

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Appendix A – Interview Roster

Interviewee	Title	Date
Rebecca Bangstein	Sr. Consultant – HR Substitutes	10/12/2015
Dr. Charles Dupre	Superintendent	10/12/2015
Kermit Spears	Chief HR Officer	10/12/2015
Bryan Guinn	Director – Budget	10/12/2015
Gwyn Touchet	Director – Total Rewards	10/12/2015
Teachers new to the district	N/A	10/12/2015
Gail Stotler	Director – Child Nutrition	10/13/2015
Michael Brassfield	Director – Transportation	10/13/2015
Wanda Taft	HR - IT Business Analyst	10/13/2015
Sheron Blaylock	Director – Talent Operations	10/13/2015
Dr. Yolanda Young	Director – Talent Management /Organizational Development	10/13/2015
Glenda Johnson	Director – Talent Experience	10/13/2015
Steven Bassett	CFO	10/13/2015
Teachers with longevity in the district	N/A	10/13/2015
Dr. Christie Whitbeck	Deputy Superintendent	10/14/2015
Elementary principals	N/A	10/14/2015
Middle school principals	N/A	10/14/2015
Donna Fontenot	Director – Talent Acquisition	10/14/2015
Beth Martinez	Chief of Staff	10/14/2015
Sonja Curtis	Director – Payroll/Benefits	10/14/2015
High school principals	N/A	10/14/2015
Clerical support staff	N/A	10/15/2015
Stephanie Williams	Director – Teacher Development	10/15/2015
Sarah Togle	Sr. Consultant Total Operations	10/15/2015
Kepreta Taylor	Leaves Advisor - Total Operations	10/15/2015
Central office administrators	N/A	10/15/2015
Cynthia Rincon	General Counsel	10/20/2015
Janet Singleton	Benefits Specialist	10/27/2015
Kimberly Brown	Benefits Specialist	10/27/2015

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