

COMMISSION MEMBERS

The Honorable Pete C. Alfaro
Chairman, Baytown

Don Bethel
Vice-Chairman, Lamesa

Stephen Fryar
Brownwood

Patsy Reed Guest
Duncanville

Bill Mahomes
Dallas

Gogi Dickson, PH.D.
San Antonio

Juan S. Muñoz, PH.D.
Lubbock



INTERNAL AUDIT DEPARTMENT

Audit Report
on

EXECUTIVE MANAGEMENT

Dwight Harris
Executive Director

Linda S. Reyes, PH.D.
Deputy Executive Director

Human Resources - Hiring

INTERNAL AUDIT DIRECTOR

Karin L. Hill, CIA, CGAP

Internal Audit Department
P.O. Box 4260
Austin, TX 78765

November 2006

Human Resources - Hiring

Audit Team

Aporajita Ahmed, CPA
Tom Brown, CIA
Karen McCarther
Grace Salazar-Nerios
Charlene Severance, CIA, CPA, CISA, CMA
Barbara Simpson, CGAP

For additional copies of this report, please request 06-3



INTERNAL AUDIT DEPARTMENT

TO: Texas Youth Commission Board Members
The Honorable Pete C. Alfaro, TYC Board Chair
Don Bethel, TYC Board Vice Chair
Stephen Fryar, TYC Board Member
Patsy Reed Guest, TYC Board Member
Bill Mahomes, Jr., TYC Board Member
Gogi Dickson, Ph.D., TYC Board Member
Juan S. Muñoz, Ph.D., TYC Board Member

Dwight Harris, TYC Executive Director

FROM: Karin Hill, Director of Internal Audit

DATE: November 16, 2006

RE: Audit of Human Resources - Hiring

Attached for your approval is our report on the audit of the Texas Youth Commission's (TYC's) Human Resources hiring process. The objective of this audit was to determine whether the process TYC uses to hire new employees, specifically Juvenile Corrections Officers, is effective. To accomplish this objective we interviewed HR staff and reviewed recruitment plans, hiring packets, and the tools used in the screening process.

Two limitations in this audit are that due to the evacuation and repair of the Al Price State Juvenile Correctional Facility for hurricane Rita, this facility was not included in our analysis, and the Inwald Personality Inventory (IPI) – the tool used as part of the screening process, was not reviewed due to an initiative, which is underway, to replace it with a more appropriate tool for juvenile corrections.

An effective process of recruiting and identifying the individuals most suited for the job responsibilities is essential to ensure TYCs facilities are staffed in a manner that promotes a safe and therapeutic environment for the youth. Three areas were reviewed: recruiting, hiring, and retention of those hired.

- The Human Resources Department successfully recruits applicants for JCO positions through conventional recruiting methods, as well as more creative ones. In addition to posting employment opportunities in the newspaper and participating in job fairs, the department has held interview fairs, rented billboards, and recorded radio spots to attract applicants.

- While improvements can be made, the process to hire JCOs is systematic and includes screening tools to eliminate applicants not suited to work with the difficult youth population the agency is charged with. Improving the interview process and ensuring HR staff appropriately screen out applicants identified as ineligible for rehire would ensure that only eligible candidates are interviewed, and that the interview process adds value to making hiring decisions. Management continues to work on improvements to this process; currently they are working with a vendor to develop a screening tool specific to juvenile corrections, and with the University of Texas – Continuing Education Division to develop behavior-based questions. In addition to improving its process and tools, management should ensure that interviewers are trained to interpret and score responses to behavior-based questions.
- Retaining JCOs, and thus reducing turnover, has been a focus of management in recent years. High turnover in JCO positions requires Human Resources to continually focus on recruiting and hiring more staff, and stresses coverage at the agency's facilities. A survey of prior staff and review of TYC Exit Interviews and State Auditor's Office Exit Surveys identified overtime, the inability to get time off, and inadequate training as reasons staff leave employment with the agency – all of which are being addressed by management initiatives. These tools also identified other reasons for leaving such as shift assignment, changing careers, and several which were related to supervision and management.

Management concurs with the results of our work and has provided responses to the recommendations, which are included in the report. We appreciate the cooperation and assistance provided to us during our work.

cc: Linda Reyes, Ph.D., Deputy Executive Director

This report presents the results of our audit of the Texas Youth Commission’s (TYC) Human Resources (HR) – Hiring process. The objective of this audit was to determine whether the processes TYC uses to hire new employees is effective. Due to recent increased attention to the turnover, hiring, and retention of Juvenile Corrections Officers (JCOs), the scope of this objective was limited to the process used to hire this group of staff. Except where noted differently, the timeframe included in the audit was fiscal years 2004 and 2005. In addition to limiting the work to JCOs, there were two additional scope limitations in this audit:

- The Al Price Juvenile Corrections Facility was excluded from this audit. Due to the evacuation and damage caused by hurricane Rita in September 2005, documentation and personnel were moved to other locations in the State, making it difficult to locate information and resulting in other priorities regarding that facility.
- The Inwald Personality Inventory (IPI) was not reviewed for its impact on the hiring process. The agency currently uses the IPI as a screening tool to help better identify persons suited for the type of work required of the staff. The IPI was specifically designed for police departments and adult corrections to screen out psychologically unsuitable law enforcement candidates, not to assist in hiring decisions for corrections officers at juvenile facilities. The agency is currently under contract with a consulting firm to design a screening tool better suited for TYC. This tool is scheduled to be delivered in December 2006.

To accomplish this objective, we interviewed HR staff, both in the Central Office (C.O.) and the field, and reviewed recruitment plans, hiring packets, and the tools used in the screening process. In addition to reviewing the hiring process, we conducted a survey of staff that terminated employment with the agency in fiscal year 2005 and analyzed the results of separate exit questionnaires conducted by TYC and the Texas State Auditor’s Office.

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and with *Government Auditing Standards*.

In addition to the activities that take place upon the receipt of applications through the selected applicants first day with the agency, why positions become vacant and how the agency recruits for vacant positions as well as the retention of staff hired must be considered when reviewing the effectiveness of the hiring process. An effective process of recruiting and identifying the individuals most suited for the job responsibilities is essential to ensure TYCs facilities are staffed in a manner that promotes a safe and therapeutic environment for the youth. In fiscal year 2006, TYC hired 1,867 staff, 1,429 (77%) of which were JCOs.

The agency is successfully recruiting applicants.

The first requirement for an effective hiring process is to successfully get people to apply, which requires identifying where and how to best make contact with potential applicants. While the State of Texas has minimum requirements for posting vacant positions, the

agency must reach out to the communities and surrounding areas where its facilities are located. Due to the remote location of most of TYCs operations, this presents a challenge to the HR staff.

Recruiting activities conducted by Human Resource staff result in applicants for employment with the agency. The push to hire JCOs has resulted in creative thinking on how to recruit. While the local Human Resource Administrators (HRA) are responsible for recruiting at each of their respective facilities, the Human Resource Management (HRM) Department in the C.O. assists upon request – by either the facility itself or through direction of C.O. Executive Management.

In addition to the more traditional forms of advertising job vacancies – newspapers, job fairs, and State mandated job banks, TYC has conducted interview fairs where applicants are interviewed on the spot, posted billboards along major highways in targeted recruiting areas, and purchased air time on the radio. Activities such as these increase the exposure of job openings to individuals who may not read the newspaper or utilize the internet for job searches. While the agency has had a referral program in the past where current staff receive a day of administrative leave for referring a friend, it has recently increased this reward to a \$200 savings bond for referring someone who is hired. At this time, this incentive has not been in effect long enough to determine its effectiveness, but is being monitored by management.

The length of time job postings are kept open varies by location. Of the four facilities in our review, one posted as “open until filled”, two averaged about one month, and the other one ranged from a few days (to track applications received during special events – job/interview fairs, etc.) to six months. Review of data for 100 job postings for four facilities identified that on average, 24 applicants were received for each posting – of which 19 met the agency’s minimum qualifications based on the information included on their application. Correlations of the number of applicants received to the length of time the position was posted identified an inverse relationship between the two. This illustrates the effectiveness of special events held to attract applicants.

While improvements can be made, the agency’s process to hire Juvenile Corrections Officers is generally effective.

Once applications are received, the process of selecting candidates and making job offers begins. Interviews and other screening tools are used to “weed out”, as much as possible, those not suited to work with the difficult population of youth TYC is charged with. However, even with the best screening tools and hiring process, whether the individual ultimately hired will become a long-term quality employee is a guessing game.

The agency has incorporated screening tools into the hiring process to aide in identifying the candidates best suited for the job requirements. Due to the responsibility TYC is charged with, “to rehabilitate youth committed to the agency and re-establish them in society...” management considers the character of the staff it hires to

work with the youth vital. In addition to screening applications for minimum requirements and interviewing potential employees, the agency has incorporated other screening tools into the hiring process. Prior to extending a job offer, the agency contacts personal references provided by the applicant, conducts a Criminal Records Check, determines whether the individual has previously been employed at TYC and if so, whether he/she is eligible for rehire, and reviews driving records to determine whether the individual can drive an agency vehicle.

Agency policy prohibits the hiring of individuals convicted of a “violent or assaultive offense or a crime against the family”, but provides for the possibility of a waiver for other offenses based on the nature of the offense and the length of time since it was committed. In the event that an applicant’s Criminal Records Check identifies anything in his past, the Human Resource Manager over Classification and Research reviews it to determine whether the individual is eligible for hire. If not, he prepares a memo to the hiring authority communicating that the individual is not eligible for hire due to the results of the record check and that the information needs to be discussed with the Director of HRM to review the information to determine whether a waiver can/should be granted. All felony cases are submitted to the Executive Director if the Director of HRM and Chief Local Administrator want to pursue hiring the person.

Another screening process is reviewing applicants for past employment history with TYC. Turnover of staff, to include supervisory staff, increases the importance of researching the Human Resources Information System (HRIS) to ensure applicants have not previously been employed by the agency and identified as not eligible for rehire due to the circumstances of their termination. Former employees can be classified as ineligible for rehire for reasons such as involuntary termination, resignation in lieu of termination, resignation while under investigation for misconduct or while awaiting a decision on disciplinary action, and other reasons, on a case-by-case basis, as determined by the Executive Director. Policy allows for persons classified as ineligible for rehire to request reversal of that decision 12-months after their employment is terminated.

According to the Director of HRM, reviewing for eligibility for rehire is supposed to be conducted during the initial screening process, however, review of hiring documentation identified that in some instances this is not being completed until the final approval process - after the individual has successfully interviewed and is being considered for employment. Individuals identified as not eligible for rehire will not be hired regardless of the results of the rest of the hiring process, therefore, it would save time to review for this information when finalizing the applicant pool – prior to conducting interviews.

At the time of this work, local HRAs did not have the capability to review information for individuals employed at other institutions. Access to the HRIS is limited to their specific institution. Since this concern was identified, management has developed a report and implemented a process for the HRAs to determine if applicants are ineligible for rehire by TYC due to previous employment in any part of the agency.

Of the 82 applicants files we reviewed that were interviewed but not hired, 19 (23%) were screened out due to unfavorable references, information identified on the Criminal Records Check, or not being eligible for rehire due to previous employment with the agency. This potentially precludes the agency from having to address less than desirable work habits, exposing youth to persons who have demonstrated an ability to become violent, or issues that resulted in the not eligible for rehire status in the first place.

Once these processes are complete, job offers are made contingent on the applicant passing the IPI, a physical exam and a drug test. As discussed earlier, the IPI was not included in the scope of this audit due to current initiatives to develop a better tool. JCO responsibilities can be physically demanding and result in injuries. The requirement to pass a physical exam ensures that basic physical requirements such as being able to lift or carry at least 45 pounds, repeatedly bend, and adequately hear and see, can be met. The requirement for this physical exam is not disclosed in the job posting; candidates being offered a job are sent a congratulations letter indicating that the offer is contingent on completing this requirement. Until recently candidates were required to pay for the physical themselves at a cost of approximately \$75 – a cost too high for some to afford. Recent initiatives have been taken for the agency to pay for these physicals. Finally, with approximately 70 percent of the youth committed to TYC diagnosed as chemically dependent or having a history of chemical abuse, the agency works hard to maintain a drug free environment and minimize drug contraband. As such, individuals unable to pass a drug test are considered a risk to this environment and are not hired.

Interview practices vary by facility and sometimes by job posting. While the C.O. HRM Department has expressed minimum expectations and the information provided in “Supervision Just for Starters” training discusses interviewing practices, expectations have not been formally documented and distributed and the training is not required by all supervisory staff. As a result, interviewing practices vary. Agency preference is that more than one person conducts interviews during the hiring process. This is considered an industry best practice and provides a level of protection for the agency against claims of inappropriate questions, discrimination, or other forms of favoritism.

The number of interviewers for the applicants included in our review ranged from one to three. While the number of applicants interviewed by three was fewer, the proportion of those hired that are still employed with the agency is higher – 50 percent of applicants hired when interviewed by three staff are still with the agency versus 23 percent of those hired when interviewed by one staff. This higher level of retention when interviewed by more than one staff may demonstrate a more critical review of the candidate’s responses to interview questions resulting in a better selection process.

Another variation noted during our fieldwork was the disposition of applications where the applicant was not selected. At three of the institutions in our review, these applications are filed as closed – to be considered for a future posting the applicant would be required to submit another application. The other institution files these applications for future consideration and do not require that another application be submitted for 90 days. If the individuals whose applications are kept on file met or exceeded the minimum

score in the interview, this practice results in the institution maintaining a pool of candidates for JCO positions – potentially streamlining the screening process when vacancies are posted and allow the facility to contact individuals who meet the requirements and fill vacant positions in a timelier manner. However, keeping applications on file for individuals who did not meet the requirements for a job offer gives the impression that these people may be called, when in fact they will not be offered a position, and requires the time and effort of local HR staff which is already spread thin due to the cutbacks during the 78th Legislative Session. While maintaining applications for individuals who meet the requirements should be encouraged, this should be limited to only those who the hiring supervisor would consider for employment and request a Criminal Record Check to use in a hiring decision.

The Human Resource Management Department has collected a bank of approved interview questions. In addition to how interviews are conducted, which questions are asked during an interview is important. Federal discrimination laws prohibit certain types of questions be asked during interviews. To help ensure that questions asked during interviews are legal and appropriate, the HRM Department has collected a set of approved questions available to all HR staff. Our review of questions asked of applicants identified that while the number and types asked during interviews varied, in most cases, staff are sticking to the approved questions designed to preclude any appearance of discrimination or favoritism.

The quality of questions asked varies by institution as well. This variance ranges from asking questions which ask for information about when physical force is acceptable – a topic that an applicant who has no experience with TYC would likely not be able to respond to with any detail; to questions that ask how one might react to situations he/she might encounter as a JCO. Comparison of differences in retention to which questions were asked showed no indication that certain questions lead to higher quality hiring decisions, which can ultimately be a reflection of the value the interviews are adding to the hiring process.

However, if conducted correctly, an interview can do more than judge whether the applicant has the knowledge needed for the position. An interview should give the candidate an opportunity to learn more about the agency and its purpose to determine whether he/she wants to pursue a position with the agency as well as give the agency the opportunity to learn more about the candidate. To improve the interview process, the HRM Department is currently working with the University Of Texas – Continuing Education Division to develop behavior-based questions. Behavior-based questions allow the interviewers to evaluate candidates on their responses to how specified events should be handled. In addition to demonstrating the applicant’s ability to think on their feet, these questions can give the interviewers an indication of the general maturity of the individual. While this will provide interviewers the tools to make better hiring decisions, the agency will need to train staff on interviewing techniques and how to interpret responses to behavior-based questions.

Documentation of hiring decisions needs to be strengthened. Minimum documentation expectations have been established to support both decisions to hire as well as not to hire individual applicants. This is necessary to support the agency if it is challenged on a hiring decision. When an applicant is selected, the local HRA completes the hiring process. Review of documentation for individuals hired identified that some HRAs complete and include an *Authorization to Hire* letter in the file to document that all requirements have been met in the hiring process. While this document is not a requirement, documenting that requirements have been met adds a control to the hiring process and should be implemented statewide. Documentation is also required when an applicant is interviewed successfully but is not offered a position – for any reason. Of the 82 applicants in our sample who were interviewed but not offered a job, documentation as to why was not on file for 20. Failure to maintain documentation as required can potentially put the agency at risk of not being able to defend a hiring decision.

High turnover rates make it difficult to maintain recruiting and hiring activities.

As discussed earlier, the agency’s ability to retain staff is the final measure of whether those best suited for the responsibilities of JCOs are selected. Turnover, especially in JCO staff, is one of the most critical issues for management. High turnover stresses the safety of the facilities by impacting coverage ratios as well as the experience of the staff who are working with the youth. One of the agency’s key performance measures is JCO turnover with a target of 25 percent; however, the agency has never been able to meet that target. The turnover rate for JCOs in fiscal year 2006 was approximately 48 percent. By facility, JCO turnover ranged from approximately 24 percent to as high as 66 percent for this period. This level of turnover requires that recruiting and hiring activities remain a priority for HR staff.

In addition to the time and effort required, recruiting activities are expensive. The 78th Legislature established a ratio of one HR staff to every 85 employees, requiring the thinning of HR staff and resulting in an HRA and two HR Assistants at most of the agency’s institutions. These staff are responsible for not only the recruiting and hiring, but also benefits, timekeeping, and all other personnel related activities.

To assist the institutions, C.O. HR Analysts monitor daily strength reports and contact the local HRAs if they note any changes that can negatively impact coverage. In addition, the C.O. HR staff conduct operational reviews, classification studies and other ad hoc analyses for the Assistant Deputy Executive Director for Human Resources upon request and also host job and interview fairs to relieve pressure on the local HRAs. While the C.O. HR staff provide this assistance as needed, doing so on a continuing basis takes them away from other responsibilities; further stressing the impact of the 1:85 ratio.

As discussed earlier, the agency has been creative in conducting recruiting activities that reach potential employees. However, in a time where State funds are scarce, it may be difficult to continue to do so. While it is less expensive to advertise in small newspapers

in the rural areas the agency's facilities are located in, to run a classified ad in a major city for one Sunday can range from \$1,200 to \$7,000 – a lot of money for advertisements that tend not to be the primary source of applicants. Other methods of recruiting are also expensive; the billboards rented to recruit for the McLennan County State Juvenile Correctional Facility this past year were posted at a cost of approximately \$1,300 a month and the radio ads another \$5,000 a month.

Reducing turnover rates requires an understanding of why staff leave. Upon termination of employment with TYC, staff are provided opportunities to discuss their reasons for leaving through both an exit interview with TYC HR staff and the ability to respond to an on-line survey conducted by the State Auditor's Office.

Review of the HRM Department's *Recruitment and Retention Report*, completed in May 2006, identified that more than 30 percent of the time specific information as to the reason staff leave the agency is not provided in exit interviews or surveys. In this report, HRM surmises that staff select "personal" or "other" as reasons for leaving to not jeopardize future job references or possible reemployment by TYC. The small communities in which the agency's facilities are located could magnify this due to TYC often being one of few local employers.

However, HRM's analysis does not include review of actual comments provided on exit surveys. In an attempt to obtain more specific information, we surveyed 595 individuals who terminated employment with the agency during fiscal year 2005 with "personal" or "other" as the reason for leaving – this survey was not limited to JCOs. The survey inquired about such things as whether the individual accurately understood the job requirements before beginning employment, whether they felt that their supervisors valued them, more specific reason for leaving, and whether they had shared their concerns in the exit process upon leaving.

Some of the 93 respondents identified reasons that were specific selections on the agency's exit interview, which could indicate that either the reason was not communicated upon exit or data entry errors in the HRIS, either way rendering it difficult to accurately analyze the causes of turnover. Other reasons the respondents identified included shift assignments, overtime, inadequate training and several reasons related to management. Review of a sample of exit surveys from both the agency and SAO identified similar reasons being reported for leaving.

While the agency tracks overtime expenditures and is implementing the Professional Development Academy to address the training concerns, supervisory and management styles/capabilities has not been identified as a cause of turnover until now. The agency has developed a management training series however, does not require staff in management/supervisory roles to attend. Based on the results of these survey tools, addressing such areas as overtime and training to improve safety will likely improve turnover and retention, but to successfully address these areas, management will also need to communicate expectations and require training on management and supervision of staff.

Recruitment plans are not always reviewed and revised to reflect local needs. With more than 75 percent of the youth committed to TYC being minorities, a strong minority workforce is important to provide youth with positive role models with whom they can relate to. As discussed earlier, C.O. HR Analysts provide assistance to the local HRAs through a variety of services. In addition, the C.O. HRM Department develops an annual, state-wide recruiting plan and has established the same requirement for each institution to be reviewed every six months and revised as needed. These plans are meant to ensure that each location is aware of its recruitment needs and provide an outline of specific recruiting activities to target the desired applicants. Review of the institutional recruitment plans on file identified that they were not all current. In addition, the C.O. HRM Department has not implemented a process to ensure receipt of the plans or to review and provide feedback on the adequacy of the plans. A failure to keep the recruitment plans reflecting the current needs of the agency may result in conducting less than effective recruiting activities.

RECOMMENDATION	MGT RESPONSE CURRENT STATUS PROJ. COMPLETION DATE
1. To ensure applicants are informed prior to submitting an application, the Assistant Deputy Executive Director, Human Resources should include the requirement to pass a physical exam prior to beginning employment on the job posting for JCOs.	<p>CONCUR Planned December 15, 2006</p> <p>Human Resources Management will work with the Information Resources Division to add the requirements to the JCO job posting descriptions.</p>
2. To strengthen the interview process, the Assistant Deputy Executive Director, Human Resources should develop and distribute minimum requirements for conducting interviews.	<p>CONCUR Underway January 31, 2007</p> <p>Management will develop and distribute minimum requirements for conducting interviews.</p>
3. To ensure the agency has a more complete understanding of why staff terminate employment, the Assistant Deputy Executive Director, Human Resources should include an analysis of comments made on exit surveys in the <i>Recruitment and Retention Report</i> .	<p>CONCUR Underway January 15, 2007</p> <p>The Human Resource Management department will include an analysis of comments made on various exit surveys/interviews to the quarterly turnover report.</p>
4. In an effort to improve management/ supervisory skills and reduce turnover, the Assistant Deputy Executive Director for Human Resources should develop training requirements for staff that supervise/ manage other staff. This training should include subjects such as : <ul style="list-style-type: none"> • legal/policy requirements ; • communicating as a supervisor ; • relationship building ; • interview skills, and • annual requirements to continue professional growth. 	<p>CONCUR Underway February 1, 2007</p> <p>The Human Resource Management and Staff Development departments will develop minimum supervisory/management training requirements for direct care supervisors and managers.</p>

PLANNED: Management concurs with the recommendation but actual implementation of the recommendation has not begun.

UNDERWAY: The implementation process of the recommendation has been started.

IMPLEMENTED: All new procedures, policies, systems, processes, related documents, and other elements relevant to the audit recommendation have been prepared, approved, and put into operation.

UNABLE TO IMPLEMENT: Management concurs with the recommendation; however, due to resource constraints and competing priorities is not able to implement or can only partially implement the recommendation.

Audit of Human Resources – Hiring

RECOMMENDATION	MGT RESPONSE CURRENT STATUS PROJ. COMPLETION DATE
5. To ensure recruitment plans are useful and reviewed/updated as required, the Assistant Deputy Executive Director, Human Resources should implement a process to ensure recruiting plans are received as required and review and provide feedback on the plans to the field HRAs. The purpose of this review should be to ensure recruitment plans are useful and reviewed/updated as required.	<p style="text-align: center;">CONCUR Underway November 15, 2006</p> <p>The Human Resource Management department will develop a process to acquire the local facility recruitment plans and review them for compliance with standards.</p>

PLANNED: Management concurs with the recommendation but actual implementation of the recommendation has not begun.

UNDERWAY: The implementation process of the recommendation has been started.

IMPLEMENTED: All new procedures, policies, systems, processes, related documents, and other elements relevant to the audit recommendation have been prepared, approved, and put into operation.

UNABLE TO IMPLEMENT: Management concurs with the recommendation; however, due to resource constraints and competing priorities is not able to implement or can only partially implement the recommendation.