

**Performance Audit 15-02:
Citywide Employee Training
Program**

July 2015

City Auditor

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OFFICE OF INTERNAL AUDIT

Stan Sewell, City Auditor

July 22, 2015

To: Mayor Andy Berke
City Council Members

Subject: Citywide Employee Training Program, Audit 15-02

Dear Mayor Berke and City Council Members:

The attached report contains the results of our audit of citywide employee training. Our audit found that City employees may not always receive the necessary training they need to perform their jobs efficiently and effectively. In order to address the noted areas for improvement, we recommended actions to the Human Resources Department to implement a Learning Management system which would centralize employee records provide training materials and distribute policies as well as enable monitoring of employee's compliance.

The Human Resources Administrator presented the draft Employee Information Guide to the Council's Human Resources Committee for review last week. The Guide will address some of the issues mentioned in our report. Further, HR has budgeted funds for a Learning Management System and will be developing an RFP in the very near future.

We thank the management and staff of the Human Resources, Public Works, Police, Fire, Youth and Family Development, Transportation, Economic and Community Development, and Information Technology Departments as well as the Library and Regional Planning Agency for their cooperation and assistance during this audit.

Sincerely,

Stan Sewell, CPA, CGFM, CFE
City Auditor

Attachment

cc: Audit Committee Members
Travis McDonough, Chief of Staff
Brent Goldberg, Chief Operating Officer
Todd Dockery, Human Resource Administrator

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AUDIT PURPOSE

This audit was conducted in accordance with the Office of Internal Audit's 2015 Audit Agenda. The objectives of this audit were to determine if:

- The City is providing employees with the necessary policies, procedures, and training to perform their jobs effectively and efficiently;
- Human Resources has a process in place to determine, document, and ensure employees are receiving the appropriate policies, procedures, and training to perform their job duties.

BACKGROUND

City Administration has set a goal to become a High Performing Government. One part of this standard is obtaining and retaining exceptional talent. To obtain this goal, the City wants to maintain a healthy workforce, focus on recruiting and retaining talented employees, and have well trained employees who perform at an efficient and high level.

Human Resources (HR) is the management of an organization's most valuable asset – the employees. Their mission is to provide leadership, collaboration, and support services to departments in the selection, training, development, compensation, and well-being of all employees. The HR Director is mandated by City Code to administer a comprehensive personnel program.

The City is governed by laws and regulations set by the Federal government, State government and City Council pertaining to training and procedures that should be provided to government employees. These laws and regulations address issues such as safety, employment, wages, discrimination, unemployment, purchasing, and internal controls - all factions of government business. Employers are required by law to share information with their employees about employment laws and provide other work-related information.

Statistical Information

The City of Chattanooga employs over 2,600 employees who are considered full or part-time. As of December 2014, the total number of employees was 2,684 (FT/PT). As shown in Exhibit 1, the City's average turnover rate has remained steady at about 15%.

Exhibit 1: City of Chattanooga Turnover Statistics

Year	Average # of Employees	Terminations	Percentage
2012	2,726	402	15%
2013	2,686	376	14%
2014	2,686	393	15%

Source: Human Resources

FINDINGS AND RECOMMENDATIONS

A centralized human resource training and management system.

City Code Section 2-139 charges HR with the responsibility to administer a comprehensive personnel program and ensure centralized personnel records are maintained. Also, the *Internal Control and Compliance Manual for Tennessee Municipalities*¹ requires officials at least on an annual basis review compliance requirements and update employees on new requirements. To verify if HR is in compliance with these requirements, we reviewed employee personnel files, surveyed employees and interviewed department staff. We noted areas of improvement should include centralized employee files, increased employee training, and investing in a learning management system.

Centralized Employee Files

Personnel files are maintained by both HR and departments. HR maintains a file for each employee, while departments typically maintain a separate file. The HR file may contain the employee's application, new hire documentation, compensation and performance information, acknowledgement receipts², and training records. Department records usually include payroll data, evaluations, acknowledgement receipts, and training records. These two files may contain duplicate information.

The City doesn't have a policy that requires departments to forward employee training records and acknowledgment receipts to the HR Department. Currently, HR is unable to review employee files accurately due to documentation being filed in multiple locations. A centralized filing system would provide HR the ability to have control

¹ *Internal Control and Compliance Manual for Tennessee Municipalities* Title 5, Chapter 28, Section 1.

² Acknowledgement receipt refers to a signed document that the employee received policies and procedures or training.

of all employee personnel records and ensure their completeness, confidentiality, security and retainage.

Recommendation 1:

We recommend Human Resources develop a policy which requires all acknowledgment receipts, training certificates, certifications, etc. be maintained in the employee's permanent HR file.

***Auditee Response:** We concur with the audit finding and recommendation.*

Increased Employee Training

The Internal Control and Compliance Manual for Tennessee Municipalities³ requires municipal officials to ensure employees are adequately trained and aware of all relevant compliance issues. In addition, there are some City Code requirements for specific training and policies. The Code mandates the education of employees in many areas. Some of these areas include Ethics, OSHA/Safety, and Anti-Harassment. Over the years, various Mayors have issued Executive Orders requiring employees be informed on issues such as vehicle use and outside employment.

To verify if employees are receiving the proper training and policies, we examined personnel files and conducted an employee satisfaction survey. We reviewed employee files to determine if acknowledgement receipts were present for Ethics, Anti-Harassment, and Vehicle Accident policy. The requirements for OSHA/Safety training are dependent upon the work environment of the employee, therefore, a detailed examination of OSHA/safety training documentation was not conducted due to the City's diverse work environments.

Review of employee personnel files identified lack of training and/or policy acknowledgment receipts.

The random sample of files reviewed included 42 full time and 9 part-time employees. Overall, we found 47% of the files had anti-harassment training, 43% of employees had ethics training and 65% had received the vehicle accident policy. The percent of acknowledgment receipts found in employee files by years of service is reflected in Exhibit 2.

³ *Internal Control and Compliance Manual for Tennessee Municipalities* Title 5, Chapter 28, Section 2.

Exhibit 2: Acknowledgement Receipts Present

Years of Service	Anti-Harassment	Ethics	Vehicle Accident
Less than 1 year	25%	25%	25%
1 to 5	76%	76%	76%
6 to 12	75%	38%	88%
13 +	18%	23%	55%

Source: Prepared by Internal Audit

Our review indicates personnel files for employees with 1 to 5 years of service typically included documentation showing training was provided in these specific areas. While personnel files for employees' with 13 years or more of service had fewer acknowledgement receipts present. Factors that contribute to the lack of acknowledgement receipts could include a non-centralized filing system, inconsistent retention practices, sporadic use of acknowledgement receipt forms, or lack of training opportunities.

Employees expressed need for additional training opportunities and improved quality of training.

As mentioned above, the City Code requires education of employees in specific compliance areas. It also requires training to be provided to employees to successfully complete their respective job duties and to ensure employees are delivering the most efficient services possible to the citizens.⁴

We surveyed employees to determine if they had received required policies, if they had received necessary training, and if they were satisfied with the training provided. City employees indicated if they had received training and written policies on personnel issues, compliance issues⁵, and job specific training. Employees rated their satisfaction level on training received as well as provided individual comments.

Our survey found at least 70% of respondents had received training on safety, ethics, anti-harassment, personnel, and job specific training. On average, only 53% of employees were satisfied with training received on the stated topics. Employees made several comments related to training. Management should consider the following when developing future training programs:

⁴ City Code Section 2-145(a)(b)

⁵ Compliance issues include policies and training required by City, State or Federal laws such as Anti-Harassment, Ethics, and OSHA.

- “Training for all mandatory regulations should be a priority before starting a new position. I have been blindsided by legal requirements that I should have had prior knowledge. Legal training for everyday situations concerning both employees and job requirements. HR guide lines, ethics and any other real life scenarios would be helpful.”
- “We need to have more OSHA training and CPR training. We have not had CPR training in about 10 or more years.”
- “More workshops available for the part-time staff in order for them to be aware of everything that is going on throughout the department.”
- “Online self-training twice a year, where you read the info and answer quizzes as you go, that's how I've done it in my previous jobs ... It works and it's practical.”
- “In all honesty, I probably received training in all the areas mentioned; however, I cannot remember if I have had {the training}.”

Our survey also asked employees if they received written policies and procedures related to safety, ethics, anti-harassment, drug & alcohol, vehicle accident prevention, general personnel, and/or policies related specifically to their job duties. On average, 63% of respondents received policies, 15% indicated they had not received policies, and another 15% couldn't recall if policies were provided to them. We noted the majority of the respondents not receiving or recalling written policies were employees with more than 13 years of service.

Comparing the survey results to personnel file observations, we noted the documentation in the files didn't mirror the amount of training reported by employees in the survey. For instance, the personnel files indicate only 47% of employees had anti-harassment training whereas the survey indicates 84% of respondents received training at least once.

Recommendation 2:

We recommend HR (or ensure the various departments) provide training and/or written policies and procedures to employees to ensure they are adequately trained and aware of all relevant compliance issues. The training should be documented with the employee's signature and retained in their centralized personnel file.

Auditee Response: We concur with the audit finding and recommendation.

Learning Management System

A few City Departments have already invested in computerized systems for tracking employee's training and policy receipts. These systems allow departments to easily track their employees training and monitor their progress.

Computerized systems are not just limited to documenting employee training. They are online learning management systems with an unlimited capacity to provide training materials to employees. These systems incorporate policy management which has the ability to create, distribute and manage policies, and track employee status.

Online training is convenient, cost effective, and available 24/7. This type of system would more easily accommodate the diverse schedules of City employees. The City could invest, on an annual basis, as little as \$23⁶ per City employee for an online system which offers:

- Consolidation of policy distribution to one location;
- The ability for HR and Department management to easily monitor employee's compliance with policy requirements and training;
- Access to an in-depth library of diverse training tutorials;
- The ability to create and organize training materials to fit the needs of the City's diverse work environments; and,
- Greater accessibility to training materials and policies at any time.

Recommendation 3:

We recommend Human Resources invest in a citywide learning management system. At a minimum, the system should be used to provide training materials, distribute all City policies and compliance materials, and monitor employee's training and policy receipts.

Auditee Response: We concur with the audit finding and recommendation.

⁶ Amount based on industry standard of \$60,000 per year with 2600 employees.

Recommendation 4:

We recommend HR, at least on an annual basis, review employee files (preferably via a Learning Management System) to ensure employees are updated on current compliance requirements.

***Auditee Response:** We concur with the audit finding and recommendation.*

APPENDIX A: SCOPE, METHODOLOGY AND STANDARDS

Based on the work performed during the preliminary survey and the assessment of risk, the audit covers Human Resource's operations from January 1, 2014 to December 31, 2014. When appropriate, the scope was expanded to meet the audit objectives. Source documentation was obtained from the following areas of the City: Human Resources, Economic and Community Development, Fire, Information Technology, Fleet, Youth and Family Development, Public Works, Police, Library, Regional Planning Agency, and Transportation. Original records as well as copies were used as evidence and verified through physical examination.

To evaluate the efficiency and effectiveness of the Human Resources Department, we reviewed employees HR and department personnel files. We conducted an employee satisfaction survey via email and paper distribution. We interviewed staff from City departments on how they train their employees and how they develop, distribute, and document policies provided to employees. To develop our recommendations, we reviewed industry best practice documents, relevant codes/policies and discussed ideas with Human Resource management.

The sample size and selection were statistically generated using a desired confidence level of 90 percent, expected error rate of 5 percent, and a desired precision of 5 percent. Statistical sampling was used in order to infer the conclusions of test work performed on a sample to the population from which it was drawn and to obtain estimates of sampling error involved. When appropriate, judgmental sampling was used to improve the overall efficiency of the audit.

We conducted this performance audit from January 2015 to July 9, 2015 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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Internal Audit contracts with a hotline vendor, The Network, to provide and maintain the reporting system. The third party system allows for anonymous reports. All reports are taken seriously and responded to in a timely manner. Reports to the hotline serve the public interest and assist the Office of Internal Audit in meeting high standards of public accountability.

To make a report, call 1-877-338-4452 or visit our website:
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