

DETAILED AUDIT REPORT

Audit Findings

NJSDA Hiring Process Audit

Report Number: 2019-04

Dated: July 2019

#	Findings	Risk*	Management Response/Current Status	Owner and Due Date
Policies and Standard Operating Procedures				
1	<p><u>The Employee Handbook acts as the effective policy document for Human Resources. It was last updated in 2017, and currently includes outdated and incorrect information.</u></p> <p>A review of the Employee Handbook was initiated in mid-October 2018 by the Deputy Director of Human Resources. A working group was set up to review the document, which included the Director Policy. As of June 2019, no update to the Handbook has been issued.</p> <p>Based on a review of the current Employee Handbook, IA identified updates that should be incorporated in the revised version, including:</p> <ul style="list-style-type: none"> a) The handbook is written on the basis that 2017 is the current year, rather than being written in a format whereby an update is not required each year. b) Employee contribution to Life Insurance is shown as “.005% of salary”, whereas it is 0.5% of salary, or a multiplier of 0.005. c) For Healthcare Flexible Spending Accounts the maximum contribution is included as \$2,550, the 2015 and 2016 limit, whereas for 2019 the limit is \$2,700. In addition, the 2017 ADP Flex Spending Accounts document received from Human Resources as part of the documents provided is not current. It refers to 2016 enrollment, and states the 2017 limit of \$2,600 (not the 2019 limit). d) The Handbook and associated policies are not aligned. The Handbook states that <i>“The Chief Executive Officer is assigned an NJSDA vehicle. All other vehicles are designated as pool vehicles for use by the Authority as required”</i>, whereas policy 1202 - Policy Governing Authority Vehicle Assignments states <i>“An Authority vehicle will be assigned to the Chief Executive Officer, Chief Operating Officer and Chief of Staff of the Authority”</i>. e) Upon termination of employment or retirement, the Handbook states that <i>“employees will be compensated for accrued vacation time, after an adjustment for any vacation leave taken. In the event an employee has a negative balance after the adjustment for days credited but not earned, the value of that balance will be deducted from his/her final paycheck”</i>. It should also 		<p>AGREED ACTION PLANS TO BE INCLUDED BASED ON DIRECTION FROM THE NJSDA AUDIT COMMITTEE</p>	TBD

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	<p>include that if the balance is greater than his/her final paycheck, then the employee has an obligation to refund the SDA within a specified number of days (it should be validated that the SDA has the legal right to withhold/request reimbursement).</p>		
<p>2</p>	<p><u>Standard Operating Procedure Documents (SOP's) received from Human Resources related to the Hiring Process have not been finalized, and have no Approval/Release date. The SOP's all have a 2010 review date apart from the Staffing Initiation for New Employee SOP where no review date is documented.</u></p> <p>IA received the following Standard Operating Procedures (SOP's) from Human Resources related to the Hiring Process as part of the data request, none of which have been approved:</p> <ul style="list-style-type: none"> • Recruitment, Advertising/Job Posting Candidate Selection Process • Staffing Initiation for New Employee • Recruitment Advertising • Newspaper Advertising • Job Folder Closeout • Candidate Evaluation and Selection • Pre-Employment Screening <p>The Recruitment, Advertising/Job Posting Candidate Selection Process SOP covers the entire Hiring Process, which is then duplicated in the other SOP's, although there is no reference to the other SOP's in the document.</p> <p>Based on a review of the SOPs, the documents need to be updated to ensure they are current, aligned with the standard operating procedures currently in place, are not duplicative, and reference other relevant SOP's to ensure the reader is aware of all associated processes and procedures.</p> <p>Examples of some of the issues identified include:</p> <p>a) SOP has not been updated to account for the change in process related to the Hiring Manager and not Human Resources screening resumes received for open positions.</p>	<p>AGREED ACTION PLANS TO BE INCLUDED BASED ON DIRECTION FROM THE-NJSDA AUDIT COMMITTEE</p>	<p>TBD</p>

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<p>b) Staffing Initiation for New Employee SOP states that "Under the direction of the Office of the Chief Operating Officer (COO) the Human Resources Department....". The Human Resources Department reports to the Chief of Staff, not the Chief Operating Officer.</p> <p>c) SOP's need to be updated to include either the current member of staff performing the function/process, or ideally the Human Resources position/role responsible for the function/process.</p> <p>d) Checklists included in the SOP are out dated and not aligned with the checklists currently being used.</p>		
<p>Step 1 - Initiate Hiring Process</p>		
<p><u>Job Descriptions and Position Description Questionnaires (PDQ) were not prepared in accordance with the Human Resources Department Recruitment Advertising/Job Posting Candidate Selection Process SOP.</u></p> <p>Per the Human Resources Department Recruitment Advertising/Job Posting Candidate Selection Process SOP:</p> <p>3 a) <i>"It is critical that the Recruitment Manager consult with the hiring manager / supervisor throughout the recruitment process beginning with a review of the job description and work requirements. The hiring manager review the PDQ and job description to make sure it is current and the job description is accurate. If it is, no revisions are required. This action and consulting advice ensure no unnecessary revisions to move the process along quickly."</i></p> <p>b) <i>"If the job description is not accurate and minor changes are needed to ensure accuracy, the hiring manager should consult with the Senior Director of Human Resources or Recruitment Manager who will assist in determining if the changes would impact the grade level of the position. If no impact, the hiring manager should submit the job description changes to human resources."</i></p> <p>c) <i>"If the position description is not accurate and more than minor revisions are needed that would impact the grade level, then a new job description needs to be established with a PDQ. The hiring manager should consult with the Senior Director of Human Resources or Recruitment Manager to ensure the guidelines on the PDQ are followed, job evaluation is conducted and a job description is develop accurately. Throughout the consultation period, a revision of the knowledge, skills, abilities (KSA) and key job responsibilities must be conducted for accurate job evaluation and job description."</i></p>	<p>AGREED ACTION PLANS TO BE INCLUDED BASED ON DIRECTION FROM THE NJSDA AUDIT COMMITTEE</p>	<p>TBD</p>

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Based on the testing performed, the following findings were identified as not being in compliance with the Human Resources Department Recruitment Advertising/Job Posting Candidate Selection Process SOP:

- a) Of the 23 samples tested, 11 new hires (all of which were subsequent to August 6, 2018) were identified as being newly created roles or titles requiring a PDQ be completed for job evaluation and job description development. For all 11 newly created roles, no PDQ's were available, and there was no evidence of consultation with the Senior Director of Human Resources or Recruitment Manager to ensure the guidelines on the PDQ were followed, job evaluations were conducted and a job description was developed accurately. In addition, there was no evidence of a consultation period, during which time a revision of the knowledge, skills, abilities (KSA) and key job responsibilities should be conducted ensuring an accurate job evaluation and job description.
- b) There was no job description for 3 of the 23 new hires tested (Vendor Services Assistant, SMWBE Staff Analyst and Staff Coordinator - Admin Ops/Central Records Management), all of which were hired subsequent to August 6, 2018.
- c) 9 of the roles filled by new hires, and 4 of the roles new hires subsequently moved to (all subsequent to August 6, 2018) were not included in the SDA "Title and Grade Levels" file. Based on a comparison with similar roles included in the "Title and Grade Levels" file, all grades appeared to be comparable with the exception of two roles:
 - i. Staff Liaison - the grade was one grade higher than a comparable role, Staff Coordinator (grade 15 rather than a grade 14), although consistent with a Staff Analyst role which is a Grade 15.
 - ii. Human Resources Project Coordinator - the grade was one grade higher than Accounting, Staff and Facilities Coordinator roles (grade 15 rather than a grade 14), although consistent with Communications and Executive Coordinator roles.
- d) The Human Resources Generalist position is classified as a grade 15 per the SDA "Title and Grade Levels" file. The prior person in this role was a grade 15, whereas the newly hired person in the role is a grade 16 in the Human Resources system. The salary of the newly hired person and the prior person in the role are aligned.
- e) There is no Job Description for the Human Resources Project Coordinator role. Based on discussions with Human Resources, this is the same job description as the Human Resources

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<p>Coordinator, but with the word "Project" inserted. On reviewing the grades associated with the two roles, the Job Description for the Human Resources Coordinator role shows it as a grade 14, whereas per the status change form and per the Human Resources system it has been recorded as a grade 15.</p> <p>f) For the 16 out of the 23 samples tested all of which were subsequent to August 6, 2018, there was no evidence of there being an assigned Recruitment Manager from Human Resources and accordingly there was no evidence of consultation between Human Resources and the Hiring Manager/Supervisor. For 14 of the 23 samples tested (all of which were subsequent to August 6, 2018), the first knowledge employees in Human Resources had of the new hire was the receipt of an email from the former Director Human Resources of "Upcoming New Hires" which included:</p> <ul style="list-style-type: none">i. Nameii. Positioniii. Department/Divisioniv. Salary Gradev. Salaryvi. Date of Hirevii. Seating Location <p>g) 10 of the 23 samples tested related to positions that were either new open positions or existing open positions (not newly created roles/titles). Of the 10 samples, for 4 (all of which were subsequent to August 6, 2018) there was no evidence of the job description and PDQ being reviewed by the hiring manager and recruiting manager prior to the hiring process to ensure they were current and the job description was accurate.</p> <p>h) In addition to the non-compliance with the processes identified above, the following findings were also identified for some of the Job Descriptions:</p> <ul style="list-style-type: none">i. They were prepared after the person was hired.ii. The Job Description was not aligned with the actual role.iii. Human Resources was not the lead in the preparation of the Job Description, with Job Descriptions being prepared by the Confidential Aide to the former CEO or the person in the role.		
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- iv. They were not dated, but instead included "TBD" (To Be Determined).
- v. There are two Deputy Directors of Communications who perform different functions, but there is only one job description.
- vi. The incorrect grade is included on the Deputy Directors of Communications and Deputy Chief of Staff job descriptions.
- vii. There is no reference to the required Education in the Required Education and Experience section (Managing Director of Program Development).
- viii. The person the position reports to is incorrect. The Managing Director of Program Development is shown as reporting to the Chief of Staff, but reports to the Chief Operating Officer.
- ix. Inconsistencies in Job Description Requirements – all job descriptions require a valid drivers' license with the exception of Director Special Projects and Director Human Resources.
- x. They are sometimes created for specific positions within a department (i.e. Design Studio Program Officer - a Program Officer position specific to the Design Studio), but the Human Resources system is not always updated to reflect the new positions.

In addition to the findings detailed above, based on information obtained as part of the audit process, one employee who was not included in the sample of 23 was identified as being hired on 10/01/2018 as the Director of Legislative Affairs, and on 10/02/2018 (the day after joining) their title was changed to Director Special Project. However, the employee did not perform tasks described in the Director Special Project role, as their main role was working with the community. As a result, a revised title of Director-Community Partnership, together with an amended job description was prepared. The documents have been pending approval since prior to the resignation of the former CEO.

The change in title from Director of Legislative Affairs to Director Special Project on 10/2/2018 coincided with the former Director Special Project transitioning to the newly created position of Deputy Chief of Staff on 10/1/2018, and the new Director Legislative Affairs being hired on 10/15/18 (the new Director of Legislative Affairs sent a copy of their resume to the Confidential Aide to the former CEO on 10/4/2018 following a conversation earlier that day,

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	and the former Director Human Resources emailed the new Director of Legislative Affairs an Offer Letter, Benefits package and New Hire Paperwork on that same day).		
4	<p><u>Job Requisitions were not prepared in accordance with the Human Resources Department Recruitment Advertising/Job Posting Candidate Selection Process SOP.</u></p> <p>Per the Human Resources Department Recruitment Advertising/Job Posting Candidate Selection Process SOP: <i>“Once the position is identified and approved, the position is entered into the “Master Staffing Report” with an assigned requisition number, position status and expected time line to track when the recruitment process begin and ends. This requisition number is only entered once.”</i></p> <p>Based on the samples tested, job requisition numbers were assigned for new hire positions hired during 2017, and during the period of January through August 6, 2018. For all new hire positions hired subsequent to August 6, 2018, no job requisition numbers were assigned with the exception of the hiring of the Deputy Director Human Resources on October 15, 2018. This new hire position was assigned a requisition number as the hiring process was initiated in 2017 (Job Requisition number 2017/22). For the new hires prior to August 6, 2018 where job requisition numbers were assigned, all 6 job requisitions were approved by the CEO at that time, C McKenna, although some of the job requisitions were not approved by all the required signatories, and for some there was no evidence of review by the Human Resources Director, or validation that the Human Resources Director had agreed the hire to the approved budgeted headcount.</p>	AGREED ACTION PLANS TO BE INCLUDED BASED ON DIRECTION FROM THE NJSDA AUDIT COMMITTEE	TBD
5	<p><u>Jobs were not posted internally and externally in accordance with the Human Resources Department Recruitment Advertising/Job Posting Candidate Selection Process SOP.</u></p> <p>Per the Human Resources Department Recruitment Advertising/Job Posting Candidate Selection Process SOP: <i>“Vacancy announcement must include outlined specialized experience candidates are required to possess in order to determined candidate qualifications. Announcement is sent to MIS for internal posting on the SDA intranet site and SDA external website with necessary information.....All open vacancies will be posted internally and externally with advertising partners such as, Department of Labor, Universities, Professional Associations, depending on position, Monster.com, Yahoo hotjobs.com and outplacement firms. Depending on recruitment strategy, some positions are posted</i></p>	AGREED ACTION PLANS TO BE INCLUDED BASED ON DIRECTION FROM THE NJSDA AUDIT COMMITTEE	TBD

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	<p><i>at job fairs, newspapers targeted publications and other internet advertising partners as appropriate.</i></p> <p>Based on the samples selected, 17 of the new hire positions were not advertised, either internally or externally. Of the 17 positions, 2 related to temporary employees converting to permanent SDA positions (1 prior and 1 subsequent to August 6, 2018). The remaining 15 positions not posted internally or externally all related to new hire positions hired subsequent to August 6, 2018.</p>		
6	<p><u>Job Folders were not created in accordance with the NJSDA Staffing Process Flowchart included in the Human Resources Department Recruitment Advertising/Job Posting Candidate Selection Process SOP, the Human Resources Department Staffing Initiation for New Employee SOP, and the Human Resources Department Job Folder Closeout SOP.</u></p> <p>Per the NJSDA Staffing Process Flowchart included in the Human Resources Department Recruitment Advertising/Job Posting Candidate Selection Process SOP, one of the final steps in Initiating the Hiring Process is to create a Job Folder, and per the Human Resources Department Staffing Initiation for New Employee/Human Resources Department Job Folder Closeout SOPs, when creating the Job Folder it should have the <i>"requisition number, position title, hiring manager and job closing date"</i>. The Job Folders are used in the recruitment process to retain hiring documentation from the initiation of the hiring process through to the consensus meeting where the final hiring decision is made.</p> <p>Based on the samples selected, there was no Job Folder for 19 of the new hire positions. Of the 19 positions, 2 related to temporary employees converting to permanent SDA positions (1 prior and 1 subsequent to August 6, 2018), and 1 was a hire initiated through a college job fair (prior to August 6, 2018). The remaining 16 positions where no Job Folder was created related to new hires hired subsequent to August 6, 2018.</p>	<p>AGREED ACTION PLANS TO BE INCLUDED BASED ON DIRECTION FROM THE NJSDA AUDIT COMMITTEE</p>	<p>TBD</p>
<p>Step 2 – Source Candidates</p>			
7	<p><u>Candidates were not sourced through the Human Resources Department in accordance with the Human Resources Department Recruitment Advertising/Job Posting Candidate Selection Process SOP.</u></p>	<p>AGREED ACTION PLANS TO BE INCLUDED BASED ON DIRECTION FROM THE NJSDA AUDIT COMMITTEE</p>	<p>TBD</p>

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Per the SOP, the **“Recruitment Manager is responsible for assessing the staffing needs and support strategic planning for hiring for each business unit or customer. Also provide technical sound advisory services while adhering to statutory classifications and staffing regulations to ensure compliance with legal requirements and proactive sourcing for vacant positions. Initiate and manage advertising, university partnerships and employment agency/search firm relationships. Manages interview team meetings to evaluate candidates and final decision making of selected candidates. Conduct internal salary analysis and prepare, recommend and negotiate offer packages for new hires and extend verbal offer to internal and external candidates in partnership with hiring managers.”**

Based on the samples selected, there was no evidence that the Human Resources Department was actively involved in the recruitment of new hires subsequent to August 6, 2018 with the exception of the recruitment of the Deputy Director Human Resources, where the requisition was initiated in 2017.

Specifically, there was no evidence of:

- Positions being posted on the NJSDA internal and external websites.
- Utilization of external sourcing, including the posting of positions on monster.com, indeed.com, ZipRecruiter.com, Rutgers University, monster affiliates, OnRamp etc.
- Multiple candidates being identified.

For 14 of the 23 samples tested, all of which were subsequent to August 6, 2018, the first knowledge employees in the Human Resources department had of the new hire was the receipt of an email from the former Director Human Resources of “Upcoming New Hires” which included:

- i. Name
- ii. Position
- iii. Department/Division
- iv. Salary Grade
- v. Salary
- vi. Date of Hire
- vii. Seating Location

For the remaining 3 samples tested where the hire date was subsequent to August 6, 2018 (hired in January 2019), there was no evidence of the hiring process as documented in the Human

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	Resources Department Recruitment Advertising/Job Posting Candidate Selection Process SOP being adhered to.		
8.	<p><u>Candidates' resumes were not submitted to the dedicated hiring email address (resumes@njsda.gov).</u></p> <p>In accordance with the NJSDA Policies, Programs and Benefits Manual (also referred to as the Employee Handbook, and which can be found in the Human Resources section on the NJSDA Intranet site), section 410 Internal and External Hiring, sub-section 3 Process, states <i>"When it's decided that there is a need to bring in someone externally, then the following process will take place under the direction of Human Resources: Employee referrals or networking contacts. Candidates must apply on-line and can forward their resume to resumes@njsda.gov."</i></p> <p>In addition, per the Human Resources Department Recruitment Advertising/Job Posting Candidate Selection Process SOP, <i>"Candidates are instructed to apply online and submit resumes to resumes@njsda.gov."</i></p> <p>Based on a review of the resumes@njsda.gov emails, 19 of the 23 samples tested did not flow through the email address specified in the Employee Handbook and the Human Resources Department Recruitment Advertising/Job Posting Candidate Selection Process SOP. Of these, 2 related to positions filled prior to August 6, 2018, 1 was a temporary to permanent hire, and the other was a hire initiated through a college job fair. 17 related to positions filled subsequent to August 6, 2018, with one related a temporary to permanent hire, and the remaining 16 being new employees.</p> <p>As a result of the new employee resumes subsequent to August 6, 2018 not being received through the resumes@njsda.gov email address, IA reviewed emails associated with specific individuals with the goal of identifying how the resumes were received. Based on the review of emails:</p> <p>Of the 16 samples related to new employees being hired subsequent to August 6, 2018, emails were identified related to the sourcing of resumes for 9 positions.</p>	AGREED ACTION PLANS TO BE INCLUDED BASED ON DIRECTION FROM THE NJSDA AUDIT COMMITTEE	TBD

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- Of the 9 positions, 6 included emails where the former CEO's NJSDA.gov or personal Gmail account were included in the email trails, and of the 6 positions, 3 included emails where the former CEO's personal Gmail account was included in the email trails. For the 3 positions where the former CEO's personal Gmail account was identified:
 - i. On 1/30/2018 (approximately 6 months prior to the former CEO taking the NJSDA CEO role) the former CEO emailed the new hire (using the new hires Gmail account) from their personal Gmail account asking the new hire to send their resume ASAP. The new hire responded to the former CEO on the same day. On 8/8/2018 (approximately 6 months later) the new hires resume was forwarded from the former CEO's personal Gmail account to the former Chief of Staff at their NJSDA.gov email account.
 - ii. On 1/8/2018 (approximately 7 months prior to the former CEO taking the NJSDA CEO role) the new hire, at the request of the former CEO, emailed their resume to the former CEO's personal Gmail account and Northeast Carpenters email address. On 8/16/18 (approximately 7 months later) the new hires resume was forwarded from the former CEO's personal Gmail account to the former Chief of Staff and former Director Human Resources at their NJSDA.gov email accounts. On the same day, 8/16/2018, the former Chief of Staff forwarded the former CEO's email to the former CEO's NJSDA.gov email account, including the resume of the new hire.
 - iii. On 8/13/2018 the former Director Human Resources emailed an Offer Letter, Benefits details and New Hire Paperwork to a new hire at their personal email address. On 8/14/2018 the former CEO sent the resume of the new hire from their personal Gmail account to the former Chief of Staff at their NJSDA.gov email account. On the same day, the former Chief of Staff responded to the former CEO at their personal Gmail account stating "Got it! I'll share with [Director of Human Resources name]. Thx,".
- For the 3 positions where the former CEO's NJSDA.gov email account was included in the email trails, not their personal Gmail account:
- i. The former Director Human Resources requested the new hires phone number and resume from the former CEO on 8/21/2018 at 10:24AM so Human Resources could email their hire packet. The former CEO provided the former Director Human Resources with the new hire's email address and cell number on 8/21/18 at 11:10AM saying she would forward their email in a few (correspondence was through

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	<p>NJSDA.gov email address). Based on the new hire’s email address and cell number being provided, but not their resume, the former CEO may have been referring to their resume being forwarded in a few. The new hires Offer Letter and New Hire Paperwork was emailed to their personal email address by NJSDA Human Resources on 8/21/2018 at 2:57PM. There was no evidence obtained of their resume being received on 8/21/2018.</p> <p>On 9/6/2018, the new hire emailed an individual with the same last name (based on the individual referring to the new hire as “Mom” in a separate email, the individual is probably their child) from their personal email address informing them that they would "send you more info if you want to add more". On 9/7/2018, the individual emailed the new hire using the new hire’s personal email address saying "Mom, attached is your resume!" Based on the document Metadata, the resume file was created on 9/7/2018 at 8:52AM and last modified on 9/7/2018 at 11:30AM. On 10/17/2018 (after their hire date of 9/10/2018), the new hire emailed their resume "[their first and last name] Resume.docx" from their personal email address to their NJSDA.gov email address.</p> <p>ii. The new hire emailed their resume to another new hire’s personal email on 8/26/2018 saying "Attached is my resume. Thank you for looking out!" (The new hire who received the email/resume did not start with the NJSDA until 9/10/2018). On 9/11/2018, the day after they started at the NJSDA, the recipient of the resume emailed (from their personal email address) the former CEO at their NJSDA.gov email address including a copy of the new hire's resume.</p> <p>On 9/13/18 (3:35PM) the former Director Human Resources emailed an Offer Letter (dated 9/13/18 and signed by the former Chief of Staff), Job Description, Benefits details and New Hire Paperwork to the new hire at their personal email address, thanking them for their discussion on 9/12/2018, and saying they looked forward to meeting her. On the same day (6:07PM) the new hire emailed the former Director Human Resources accepting the position, and requesting a copy of the job description as it was not included in the package received.</p>		
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<p>iii. The new hire emailed an individual using the new hire's personal email address with the Subject: "Fw:" on 9/11/2018. Based on the chain of emails, the new hire was forwarding their resume (the individual who was in receipt of the email has the same last name as the Director Special Projects that started on 9/11/2018, plus referred to the Director Special Projects as "Mom" in a separate email. The individual is probably the child of the Director Special Projects). On the same day the Individual emailed the Director Special Projects using their personal email address saying "Mom, Attached is [new hire's] resume."</p> <p>On 9/12/18 the Director Special Projects forwarded from their personal email address to their NJSDA.gov email address the email from the individual with the attached resume. Later that day the Director Special Projects emailed the new hires resume from their NJSDA.gov email address to the former CEO at their NJSDA.gov email address.</p> <p>On 9/17/18 the Director Special Projects resent the new hire's resume to the former CEO at their NJSDA.gov email address, but from the Director Special Projects personal email address.</p> <ul style="list-style-type: none">• For the remaining 3 positions where emails were identified related to the sourcing of resumes:<ul style="list-style-type: none">i. On 10/4/18 (2:56PM) the new hire sent from their personal email to the NJSDA.gov email address of the Confidential Aide to the former CEO, a copy of their resume. Per the email, the new hire and the Confidential Aide to the former CEO spoke earlier that day. The Confidential Aide to the former CEO responded to the new hire on the same day at 15:06PM saying "This is great, thank you." Later that day at 4:28PM, the former Director Human Resources emailed an Offer Letter, Benefits package and New Hire Paperwork to the new hire at their personal email address.ii. The new hire emailed their resume from their private email address to the former Chief of Staff's NJSDA.gov email address on 9/13/2018. On the same day, the former Chief of Staff forwarded the new hires resume to the former Director Human Resources NJSDA.gov email address.iii. The new hire emailed the Director Human Resources on 1/18/2019 (12:21PM) enclosing their resume for the job opportunity. On the same day at 3:44PM the		
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	<p>Director Human Resources emailed the new hire thanking them for their conversation and offering them the position. The email included an attached Offer Letter dated January 18, 2019 where the Director Human Resources was the signatory, but the Offer Letter was not signed.</p> <p>In addition to the above, two emails were identified where new hires forwarded copies of their resumes from their personal email to their NJSDA.gov email addresses after their hire date.</p> <p>Based on the review of emails, emails were identified associated with the receipt of resumes for nine additional new hires who were hired subsequent to August 6, 2018, but which were not in scope for the audit. Four of the resumes were received through the former CEO's Gmail account, four through the Director Special Projects Gmail account, and one through the VP Administrative Operations Gmail account.</p> <p>Guidance was provided to the former Chief of Staff on September 6, 2018 by the Vice President - Corporate Governance and Legal Affairs regarding the hiring process and terms of employment specific to relatives and other individuals associated with the former CEO, which the former Chief of Staff acknowledged and confirmed would be abided by.</p>		
Step 3 – Screen and Assess Candidates			
9	<p><u>Candidate resumes were not screened and panel interviews were not performed in accordance with the Human Resources Department Recruitment Advertising/Job Posting Candidate Selection Process SOP and the NJSDA Policies, Programs and Benefits Manual (also referred to as the Employee Handbook).</u></p> <p>Per the SOP, <i>“upon completion of all pre-screen and phone screen, candidates are submitted to hiring manager for further evaluation against education requirements and required licenses or certifications.....Hiring manager is responsible for communicating with Human Resources who all the eligible candidates are that should be granted a site interview. Human Resources contacts candidates and partners with Executive Assistant to coordinate site interview if appropriate. In most cases Human Resources set up interview with all candidates selected for site interview.”</i></p>	AGREED ACTION PLANS TO BE INCLUDED BASED ON DIRECTION FROM THE NJSDA AUDIT COMMITTEE	TBD

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	<p>(Note: the process was changed. Human Resources no longer screens the resumes prior to submitting them to the Hiring Manager. Human Resources submits all resumes received to the Hiring Manager and they in turn inform Human Resources who they would like to interview. Human Resources then performs a phone screen and sets up the site interview.)</p> <p>In accordance with the NJSDA Policies, Programs and Benefits Manual (also referred to as the Employee Handbook, and which can be found in the Human Resources section on the NJSDA Intranet site), section 410 Internal and External Hiring, sub-section 5 Interviews, "Panel interviews are generally utilized when filling open positions. Panels consist of three or four members including the respective Hiring Manager. Interviews are followed by a data integration session conducted by Human Resources with the panel members. During the data integration session, information gathered during the interviews on competencies important to the open position are reviewed and discussed."</p> <p>Based on the samples selected, there was no evidence of any pre-screening by the Human Resources Department, and no in-person panel interviews being performed related to the recruitment of new hires subsequent to August 6, 2018. For the 6 hires prior to August 6, 2018, there were panel interviews for 4 of them, 1 there was either a panel interview or individual interviews, and the other was a temporary to permanent hire.</p>		
10	<p><u>Job description requirements to have a driver's license are not validated as part of the hiring process.</u></p> <p>There was no evidence in employee files either in the form of a copy of an employee's drivers' license, or a checklist documenting validation, that as part of the hiring process Human Resources validates potential new hires have a drivers' license when it is a requirement of the job description.</p> <p>A new hires driver's license may be provided as a form of evidence for the I-9, or if the individual requires the use of an NJSDA vehicle, but these processes are not part of the hiring process.</p>	AGREED ACTION PLANS TO BE INCLUDED BASED ON DIRECTION FROM THE NJSDA AUDIT COMMITTEE	TBD
11	<p><u>Job description requirements for specified certifications are not validated as part of the hiring process.</u></p>	AGREED ACTION PLANS TO BE INCLUDED BASED ON DIRECTION FROM THE NJSDA AUDIT COMMITTEE	TBD

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	<p>There was no evidence in employee files that as part of the hiring process Human Resources validates that potential new hires have the specified certifications when they are a requirement of the job description.</p> <p>For two roles the job description required the PHR/SPHR Certification, and for one role it was desired, but there was no evidence of the certification being validated as part of the hiring process. For the two roles requiring the certification, there was no evidence on the successful employees resume that they had the certification, and there was no requirement on the Human Resources new hire checklists to validate the new employee had the required certification.</p>		
12	<p><u>New hires do not have the required education and/or experience in accordance with the job description applicable to the role they are performing.</u></p> <p>Based on a review of new hire resumes and the job description applicable to the role they are performing, gaps were identified where the education and/or the experience documented in the new hires resume does not appear to be aligned with the requirements of the role as documented in the associated job description. Examples of situations where the contents of the two documents are not aligned include:</p> <ul style="list-style-type: none">• One employee was previously a shop steward for 2 car dealers and had no experience related to the role they were hired for.• An employee who transitioned to a Human Resources role 47 days after starting at the SDA previously worked in warehouse shipping and receiving.• Two employees were hired for roles where they had no experience in the specific fields.• Other employees did not have the required education, certifications, or experience/relevant work experience.	AGREED ACTION PLANS TO BE INCLUDED BASED ON DIRECTION FROM THE NJSDA AUDIT COMMITTEE	TBD
Step 4 – Consensus Meeting			

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13	<p><u>Background checks were either not performed or were performed after the hire date.</u></p> <p>Per the Human Resources Department Recruitment Advertising/Job Posting Candidate Selection Process SOP, "A background investigation is conducted by a preferred vendor "Lexis Nexis Service" for pre-employment screening. Employment is contingent upon the results of the pre-employment screening. For certain positions, a credit check may also be conducted depending on position".</p> <p>Based on the testing performed, the following findings were identified as not being in compliance with the Human Resources Department Recruitment Advertising/Job Posting Candidate Selection Process SOP:</p> <ul style="list-style-type: none">a) Requests for Background checks were submitted after the hire date for 10 of the 23 new hires tested (all hired subsequent to August 6, 2018).b) Requests for Background checks were submitted on the employee's first day of employment for 5 of the 23 new hires tested (all hired subsequent to August 6, 2018).c) In 3 cases no background check was performed. One case was where an employee was rehired after being separated from the Authority (hired subsequent to August 6, 2018), one related to the hiring of an individual who was on assignment to the SDA (hired prior to August 6, 2018), and the third related to a new hire with no prior connection to the SDA (hired subsequent to August 6, 2018). <p>In addition to the above, the following items were noted:</p> <ul style="list-style-type: none">a) One background check indicated that an employee did not graduate, whereas per their application they stated they had graduated (hired prior to August 6, 2018).b) Background checks included in the employee personnel files did not always include validation of the employee's highest level of education, and where this was the case there was no evidence of alternative forms of validation being performed.c) There was no evidence of background checks being reviewed by Human Resources once received from the vendor, and there was no evidence of follow-up where the information included in the background check results was not aligned with the information provided by the potential new hire.	AGREED ACTION PLANS TO BE INCLUDED BASED ON DIRECTION FROM THE NJSDA AUDIT COMMITTEE	TBD
Step 5 – Offer and Secure Candidate			

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14	<p><u>New hire salaries were not in alignment with the NJSDA Salary Range Information document as referred to per the Human Resources Department Recruitment Advertising/Job Posting Candidate Selection Process SOP.</u></p> <p>Per the Human Resources Department Recruitment Advertising/Job Posting Candidate Selection Process SOP, <i>"An offer of employment is made to the successful candidate. Upon acceptance, the Human Resources Department issues an offer letter. Verbal and written offers of employment must be consistent with the Authority salary guidelines."</i></p> <p>Based on the samples selected, 7 of the new hire positions were not aligned with the salary ranges included in the NJSDA Salary Range Information document dated October 17, 2011. All 7 were related to new hire positions hired subsequent to August 6, 2018, and were all at the level of Deputy Director or above. Of the 7 new hire positions identified:</p> <ul style="list-style-type: none">• 1 related to a Vice President position where the salary was \$29K more than the maximum salary per the salary range, although it is aligned with other existing Vice President salaries.• 2 related to Director level positions where the salaries were \$4K and \$6.5K more than the maximum salary per the salary range, although they are aligned with other existing Director salaries.• 4 related to Deputy Director level positions where 2 of the salaries were \$5.5K more than the maximum salary per the salary range and higher than other existing Deputy Director salaries, and the other 2 were marginally more than the maximum salary per the salary range (\$0.5K) and at the same level as the highest paid existing Deputy Director salaries. (Note: when comparing new hire salaries with existing Deputy Director salaries, one existing Deputy Director is paid \$23.7K more than the next highest paid Deputy Director, this salary was excluded for comparison purposes). <p>In addition to the above one employee was promoted within 21 days of being hired and their new salary was \$9K more than the maximum salary per the salary range (based on a salary level 19).</p> <p>In addition to the above, based on the review of job folders (where available) and personnel files for the 23 sampled new hires, there was no evidence of Human Resources performing an assessment of equity for any of the 23 new hires.</p>	AGREED ACTION PLANS TO BE INCLUDED BASED ON DIRECTION FROM THE NJSDA AUDIT COMMITTEE	TBD
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15	<p><u>Employee's Human Resources Personnel file included duplicate offer letters with conflicting salaries and signed by different people on different dates.</u></p> <p>The initial offer letter signed by Al Alvarez was dated 9/13/2018 with a salary of \$100K and a start date of 10/15/2018, whereas the subsequent offer letter signed by Lizette Delgado-Polanco was dated 10/4/2018 with a salary of \$105K and a start date of 10/29/2018. The actual start date was 10/15/2018 and the salary was \$105K. Based on a discussion with the new hire, they initially received an offer of \$100K which they signed and accepted. The former Director Human Resources then called them 2 to 3 days later saying the offer was \$105,000, and that the original offer of \$100,000 was an error, as the salary should have been \$105,000. This change was also reflected in the "Upcoming New Hires" emails the Human Resources department received from the former Director Human Resources. The "Upcoming New Hires" email dated 9/25/18 showed the salary as \$100K, and the subsequent "Upcoming New Hires" email dated 9/27/18 showed the salary as \$105K revised.</p>	AGREED ACTION PLANS TO BE INCLUDED BASED ON DIRECTION FROM THE NJSDA AUDIT COMMITTEE	TBD
16	<p><u>New hire salaries are significantly higher than the salaries of employees previously in the same role.</u></p> <p>The salary of two new hires who were hired to replace existing employees (1 existing employee received a promotion and the other transferred between departments) are significantly higher than the individuals they replaced.</p> <ol style="list-style-type: none">1. New hires salary was \$105K, whereas the salary of the employee previously performing this function before they were promoted 11 months earlier was \$89.2K.2. New hires salary was \$110K, whereas the salary of the employee previously performing this function was \$83.2K when they transferred out of the role. Based on a conversation with the Vice President and Chief Financial Officer, the former CEO spoke with him regarding someone they wanted to bring in and asked him to find a position. The former CEO provided a copy of the new hire's resume. The Vice President and Chief Financial Officer suggested a position, but the former CEO said the new hire had to come in at a higher level. The Vice President and Chief Financial Officer suggested an alternative role which would require some other changes,	AGREED ACTION PLANS TO BE INCLUDED BASED ON DIRECTION FROM THE NJSDA AUDIT COMMITTEE	TBD

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	<p>including the current person performing the role transitioning to the finance function, which was something they wanted to do. The former CEO agreed to the suggested changes. The Vice President and Chief Financial Officer informed the former CEO of the existing employee's salary, and the former CEO said the new hire was currently making \$105K so it was too low, plus other new hires had been brought in at \$110K at this level. The former CEO set the salary at \$110K.</p>													
17	<p><u>All new hire offer letters were signed by either the Chief of Staff or the Chief Executive Officer.</u></p> <p>Department Recruitment Advertising/Job Posting Candidate Selection Process SOP, "All offer letters must be signed by Vice President of the division or by a designee from the management team in their absence prior to being sent to the candidate."</p> <p>Based on the samples selected, 5 of the 6 new hire offer letters dated prior to August 6, 2018 were signed by the Vice President of the division or a designee from the management team, and 1 was signed by the former CEO C. McKenna (Terry Pollin who reported to C. McKenna was an AVP and not a VP and therefore per the SOP could not sign the offer letter).</p> <p>For the 17 samples selected where the hire date was subsequent to August 6, 2018, all offer letters were signed by either Al Alvarez, Roy Garcia or Lizette Delgado-Polanco. These included 5 roles where the associated Vice President was not the Chief of Staff or the CEO.</p>	<p>AGREED ACTION PLANS TO BE INCLUDED BASED ON DIRECTION FROM THE NJSDA AUDIT COMMITTEE</p>	TBD											
18	<p><u>The grade for a new hire position is not aligned with the grade included in the SDA Title and Grade Level document.</u></p> <p>An individual was hired as a Human Resources Generalist and the grade assigned to the position and included in the Human Resources system is 16, whereas according to the NJSDA Title and Grade Levels table the grade should be a 15. The salary range associated with a grade 16 versus a grade 15 is as follows:</p> <table border="1" data-bbox="168 1274 1344 1437"> <thead> <tr> <th rowspan="2">Grade</th> <th colspan="3">Salary Ranges as of October 17, 2011</th> </tr> <tr> <th>Minimum</th> <th>Midpoint</th> <th>Maximum</th> </tr> </thead> <tbody> <tr> <td>16</td> <td>55,200</td> <td>66,500</td> <td>80,000</td> </tr> </tbody> </table>	Grade	Salary Ranges as of October 17, 2011			Minimum	Midpoint	Maximum	16	55,200	66,500	80,000	<p>AGREED ACTION PLANS TO BE INCLUDED BASED ON DIRECTION FROM THE NJSDA AUDIT COMMITTEE</p>	TBD
Grade	Salary Ranges as of October 17, 2011													
	Minimum	Midpoint	Maximum											
16	55,200	66,500	80,000											

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	15	48,000	57,600	69,000		
	The employee's salary is within the range of both grades, although it is close to the midpoint of grade 16, whereas it is close to the maximum of grade 15. In addition, the Job Description for the Human Resources Coordinator role shows it as a grade 14, whereas per the status change form and per the Human Resources system it has been included as a grade 15. The employee's salary is within the range of both grades.					
19	<u>The NJSDA Salary Range Information document is not current.</u> The NJSDA Salary Ranges Information document available on the Human Resources intranet site has "Salary Ranges as of October 17, 2011", which is over 8 years old.				AGREED ACTION PLANS TO BE INCLUDED BASED ON DIRECTION FROM THE NJSDA AUDIT COMMITTEE	TBD
Other items identified						
20	<u>Promotion date was made retroactive to an earlier date when the employee was in an "acting" role.</u> An employee hired as a Deputy Director on 10/15/2018, was promoted to Acting Director on 11/5/2018 (Monday) following the departure of the former Director on 11/2/2018 (Friday). The employee was subsequently promoted to a Director on 11/30/2018, but the effective date of the promotion including associated increase in salary was retroactive to 11/5/18, the date on which they were promoted to Acting Director.				AGREED ACTION PLANS TO BE INCLUDED BASED ON DIRECTION FROM THE NJSDA AUDIT COMMITTEE	TBD
21	[REDACTED]				AGREED ACTION PLANS TO BE INCLUDED BASED ON DIRECTION FROM THE NJSDA AUDIT COMMITTEE	TBD


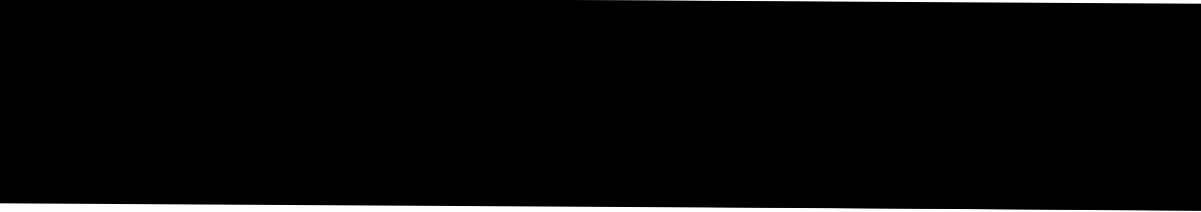
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<p><u>The Human Resources department has seen a significant turnover of staff during the period being audited.</u></p> <p>22 The Human Resources department presently has five employees, with only one employee having been in the department prior to October 2018. The employees who were primarily involved in the hiring process transitioned out of the department to other NJSDA departments in September and November 2018.</p> <p>When discussing the hiring process Standard Operating Procedures (SOP's), the current employees employed subsequent to October 2018 had limited knowledge of the hiring procedures documented in the SOP's.</p>	AGREED ACTION PLANS TO BE INCLUDED BASED ON DIRECTION FROM THE NJSDA AUDIT COMMITTEE	TBD
<p><u>Status Change Forms were not completed for new hires who changed roles/job descriptions or were promoted subsequent to being employed at the NJSDA.</u></p> <p>23 In accordance with the NJSDA Policies, Programs and Benefits Manual (also referred to as the Employee Handbook, and which can be found in the Human Resources section on the NJSDA Intranet site), section 410 Internal and External Hiring, sub-section 2 Coordinated through Human Resources states <i>"All status changes such as: transfers, promotions, demotions and new hires will be coordinated through Human Resources. The NJSDA employees need to be in their current position for a year in order to be considered for another position. (NJSDA reserves the right to waive the requirement for business needs)."</i></p>	AGREED ACTION PLANS TO BE INCLUDED BASED ON DIRECTION FROM THE NJSDA AUDIT COMMITTEE	TBD

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Of the sample of 23 new hires tested, 5 of the new hires subsequent to August 6, 2018 changed roles/job descriptions or were promoted within the first 109 days (approximately 3.5 months) of employment, with one new hire’s role being changed on the first day of employment. Two of the changes within the first month of employment resulted in salary increases, one salary increase of \$13K and the other \$22.5K.

The process when changing roles is that a “Status Change Form” is completed and approved detailing the reason, details of the move, new salary and grade, effective date, and relevant notes related to the change. The form requires two approvals and is acknowledged by the employee, although there is no guidance in the documentation provided as to who should approve the form. Based on a discussion with the Vice President and Chief Financial Officer, his understanding is that the Status Change Forms were previously approved by the Chief Executive Officer, and the Chief of Staff. Of the 5 changes identified as part of the testing sample, 2 had a completed Status Change Form (one signed by the former Chief Executive Officer and Chief of Staff, and the other signed by the Chief of Staff and Director Human Resources), and 3 did not. For one of the samples where there was no Status Change Form, the change was documented using the forms used in October 2018 to communicate merit increases to employees. The date on which the Status Change Forms were prepared was not able to be determined, as the original Microsoft Word Status Change Forms were not available, so the Metadata could not be obtained.

In addition to the changes in roles/job descriptions or promotions referred to above, based on documentation reviewed as part of the audit, one employee who was not included in the sample of 23 was identified as being promoted within 26 days (approximately 1 month) from the date of employment, resulting in an increase in grade from 16 to 18, and a salary increase of \$25K. On review of the original Microsoft Word Status Change Form, according to the Metadata the original form was created on 12/5/2018, and last modified and printed on 12/10/2018. These dates are subsequent to the effective promotion date of 11/26/2018, indicating the form was prepared subsequent to the promotion.

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<p>24</p>	<p><u>Employee’s included details of relatives or friends working at the NJSDA on their employment application or other documentation provided in support of their new role at the NJSDA.</u></p> <p>Based on a review of the sampled employment applications:</p> <ul style="list-style-type: none"> • 4 employees hired post August 6, 2018 included the name of friends or relatives working at the NJSDA. • 1 employee hired post August 6, 2018 included that they had friends or relatives working at the NJSDA but did not include their name. • 1 employee hired prior to August 6, 2018 left the section requesting details of friends and relatives working at the NJSDA blank. • 4 employees (3 hired post August 6, 2018 and 1 hired prior to August 6, 2018) included the name or position of the person at the NJSDA through whom they learnt of the position at the NJSDA. • 1 employee hired post August 6, 2018 identified a friend as how they learnt of the position, and per their resume their former employer appears to be the same as the former employer of their current NJSDA manager. • 1 employee hired post August 6, 2018 identified a colleague as how they learnt of the position. • 2 employees hired post August 6, 2018 learnt of the position through their government related role. • 7 employees hired post August 6, 2018 left the section requesting how they learnt of the position at the NJSDA blank. <p>In addition, one employee included the former CEO as a reference on their resume.</p>	<p>AGREED ACTION PLANS TO BE INCLUDED BASED ON DIRECTION FROM THE NJSDA AUDIT COMMITTEE</p>	<p>TBD</p>
<p>25</p>	<p><u>Human Resources new hire form and checklists are not always included in the employee personnel file, and those included are not always signed/initialed (where required) by the appropriate Human Resources member of staff.</u></p> <p>Human resources has one form and three checklists related to new hires:</p> <ol style="list-style-type: none"> 1. New Hire Human Resources Systems Information form – used to check information has been entered in ADP and ABRA. 	<p>AGREED ACTION PLANS TO BE INCLUDED BASED ON DIRECTION FROM THE NJSDA AUDIT COMMITTEE</p>	<p>TBD</p>

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2. New Hire Forms Checklists – used to validate the required new hire forms have been provided by the new employee. There are currently two checklists, one for forms required at the date of hire/within 3 days of hire, and the other for forms required within 5 days of hire. The two forms were implemented in early October 2018, whereas prior to that there was one consolidated form.

3. New Hire Checklist – used as a master checklist by Human Resources for new hires.

Based on the samples tested, the following issues were identified related to the New Hire Human Resources Systems Information form:

- There was no indication of who entered the information into ADP for 1 of the samples selected, and no indication of who verified the information entered in ADP for 3 of the samples selected. All 4 issues identified related to employees hired subsequent to August 6, 2018.
- For two of the samples selected (hired prior to August 6, 2018), the same person entered and verified the information entered into ADP.
- There was no indication of who entered the information into ABRA for 1 of the samples selected, and no indication of who verified the information entered in ABRA for 14 of the samples selected. All 15 issues identified related to employees hired subsequent to August 6, 2018.
- For two of the samples selected (hired subsequent to August 6, 2018), the same person entered and verified the information entered into ABRA.
- For 14 of the 23 samples tested (13 of which were hired subsequent to August 6, 2018), the hiring source was not identified on the form (left blank or included "Other").
- For 8 of the 23 samples tested (all of which were hired subsequent to August 6, 2018), the grade was not identified on the form (left blank).

The following issues were identified related to the New Hire Forms Checklist:

- A checklist was prepared but the form was not signed and dated for 1 of the new hires sampled. The new hire was hired subsequent to August 6, 2018.
- For one new hire sampled, both checklists were on file, but the checklist required to be completed within 5 days of hire was not completed and was only signed by the employee.

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	<ul style="list-style-type: none">• For two sampled employees hired subsequent to August 6, 2018 a form was completed, but it was not the standard form and did not have a signature line or place to insert the date of signature, so these details were not included.• There was no current form on file for one of the sampled new hires who moved from a temporary to permanent position prior to August 6, 2018. There was a "Temporary Employee Checklist" form on file from an earlier date.• For seven of the sampled employees hired subsequent to August 6, 2018, the form required at the date of hire/within 3 days of hire was on file, but the form required within 5 days of hire was not. The two form approach was implemented in early October 2018, and all seven employees were hired on October 15, 2018 or subsequent to that date. <p>The following issues were identified related to the New Hire Checklist:</p> <ul style="list-style-type: none">• No form was on file for 3 of the 6 sampled new hires hired prior to August 6, 2018. <p>In addition to the above, no current checklists are on file related to 1 new hire who was laid-off on September 20, 2018 and subsequently rehired for a new role at the same salary and grade level on October 1, 2018. Only checklists related to when the individual was originally hired are on file.</p>		
26	<p><u>Employee personnel files do not include all relevant documents.</u></p> <p>The following documents reviewed as part of the testing procedures were not included in the employee personnel files:</p> <ul style="list-style-type: none">• Four files did not include the employee's current resume. Two related to a new hires (hired prior to August 6, 2018), one was a rehire (hired subsequent to August 6, 2018), and the other was a temporary to permanent hire (hired prior to August 6, 2018).• Two files did not include the employee's employment application. One was a rehire (hired subsequent to August 6, 2018), and the other was a temporary to permanent hire (hired prior to August 6, 2018) for which their original employment application from 2014 was included in the file.	AGREED ACTION PLANS TO BE INCLUDED BASED ON DIRECTION FROM THE NJSDA AUDIT COMMITTEE	TBD
27	<p><u>Pre-Hire Ethics Questionnaire was not completed by all new hires.</u></p> <p>Every applicant for a job with the NJSDA is required to complete the Pre-Hire Ethics Questionnaire in order for the NJSDA to screen for possible conflicts of interest under the State ethics law.</p>		

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<p>For the 23 samples tested, there was no Pre-Hire Ethics Questionnaire completed for 3 new hires (2 hired subsequent to August 6, 2018, and 1 hired prior to August 6, 2018). For the 2 hired subsequent to August 6, 2018, one of the two missing questionnaires related to the rehire of an individual who was laid-off on September 20, 2018 and subsequently rehired for a new role on October 1, 2018. For the individual hired prior to August 6, 2018, the new hire switched from a contract to permanent role, but this was not reported to the Deputy ELO and Ethics Manager. The employee was terminated within approximately 5 months of being hired.</p>		
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Findings Risk/Impact Level

High	Control deficiency requiring significant and immediate corrective action by management
Medium	Control is in place but not operating effectively, management attention required
Low	Minor control deficiency, but no significant concern
Implemented	Adequate and effective management action has already been taken to address the finding

*No risk rating has been assigned to the findings