



City Auditor
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OAKLAND

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Performance Audit of Oakland's Hiring Practices

Presentation to Special Rules Committee

November 12, 2009



Background

- Overall, there was a perception throughout the City that a lack of strong leadership and accountability has allowed the perpetuation of unfair hiring activities and inappropriate circumvention of Civil Service Rules.
- Consequently, the City Council requested that the City Auditor conduct a performance audit of the City's hiring, promotion, and compliance with Civil Service Rules.
- To determine if the City's personnel rules and requirements were appropriately followed, we utilized a multifaceted testing strategy of the City's various hiring and promotion practices and processes.



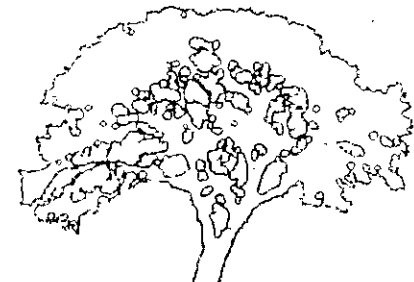
Audit Objectives and Scope

Audit Objectives

- Review all aspects of personnel practices related to hiring, transfers and promotions.
- Evaluate controls in place intended to ensure fair, uniform and transparent selection of the best candidate for positions.
- Assess the efficiency, effectiveness and compliance with rules, regulations and agreements.
- Identify opportunities for business process improvement and best practices.
- Evaluate the overall system providing such services.

Audit Scope

- Fiscal Years 2003 through 2008



Audit Methodology

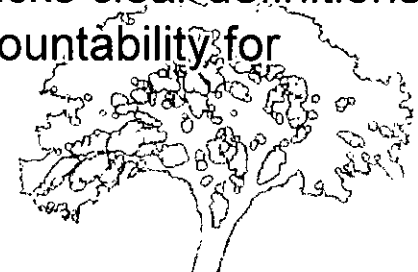
- Reviewed City Charter, Civil Service Rules, Personnel Policies and Procedures, MOUs, City Administrative and Municipal Code, AIs related to Personnel and Hiring and Oracle generated reports provided by the Office of Personnel Resource Management and the Payroll Department.
- Performed numerous detailed interviews with Directors, staff, and key stakeholders.
- Conducted audit in accordance with generally accepted government auditing standards (GAGAS).



Audit Findings

City Rules Have Not Sufficiently Addressed Nepotism Concerns and Anti-Nepotism Ordinance Lacks Clarity

- While the City Charter includes an anti-nepotism provision, it does not provide adequate protection against favoritism because it too narrowly defines those who are barred from hiring close relatives.
- The City failed to prohibit the former City Administrator from inappropriately hiring and promoting close relatives in lieu of well-qualified individuals.
- Anti-Nepotism Ordinance is well-intentioned, but lacks clear definitions related to cronyism and does not fully address accountability for breaches of the ordinance.



Audit Findings

Lack of Oversight, Accountability and Segregation of Duties Allowed Inappropriate Hiring Practices

- Tested 184 appointments during the last 5 years.
 - ❖ Most were consistent with established Civil Service Rules.
 - ❖ 5 individuals permanently appointed without competitive processes or meeting minimum qualifications.
- Personnel and Payroll responsibilities, duties, and system access lack checks and balances within the Oracle HRMS.
 - ❖ Personnel and Payroll functions not appropriately segregated.
 - ❖ Creates an environment where process integrity and accountability can be disregarded and inappropriate personnel activities can occur.



Audit Findings

Desk Audit Process Circumvents Civil Service Rules

- Nearly 61% of the 130 position desk audits recommended a classification change—typically promoting the incumbent without competition.
- Such practices are not utilized in other major civil service systems.
 - ❖ Los Angeles does not allow promotions into higher classifications under any circumstance unless the individual is on an active promotional eligibility list.



Audit Findings

Police Officer Trainee Hiring Processes were Generally Fair and Rigorous, While Firefighter Trainee Processes Require Considerable Improvement

- OPD's hiring processes are generally reasonable and consistent with a few notable exceptions.
- OFD's hiring and selection processes lack documentation and many academy records were mishandled, lost, and/or damaged.



Audit Findings

Management Oversight and Tracking of Part-Time and Temporary Hiring Processes is Insufficient and Fuels Widespread Perceptions that Hiring Decisions are Based on Personal Connections

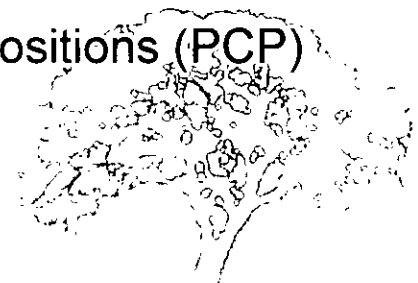
- Lack of formal processes and oversight over part-time and temporary hiring.
- Inappropriate use of temporary classifications (ELDE and TSCE)
 - ❖ Position usage often not consistent with Civil Service Rules.
 - ❖ Allowable timeframes for service within these positions have been exceeded, sometimes by years.



Audit Findings

City Struggles to Comply with Equal Access Ordinance and Lacks Processes to Track Progress

- Ability to make significant progress toward having equal language representation for City services is negatively impacted by:
 - ❖ Lack of tracking and monitoring of departmental compliance.
 - ❖ Failure to submit complete and concise annual compliance reports.
 - ❖ Lack of effective communication and coordination between the Equal Access Office, Department of Human Resources & Management and departments.
- In 2008, only 11 percent of overall public contact positions (PCP) were filled with bilingual employees.



Audit Findings

Additional Personnel Processes and Documentation Have Not Been Adequately Maintained

- Civil service classifications have not been properly updated or maintained.
 - ❖ When minimum qualifications for classifications are not maintained, ill-qualified candidates may be promoted within the hiring process.
- Certain exempt classifications have not been appropriately vetted and approved.
- Lack of standardized document maintenance and retention policies.
- No process to ensure that background checks have been performed, results are acceptable, and documents retained.

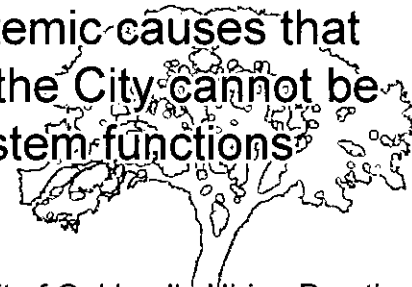


Audit Recommendations

- The audit provides 85 detailed recommendations to change the City's hiring practices by establishing a human resource function that demands unwavering:

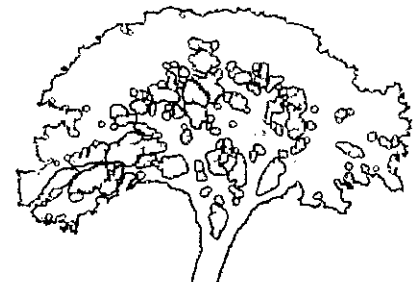
✓ Accountability	✓ System Controls
✓ Fairness	✓ Management Oversight
✓ Open Access	✓ Uniform Enforcement of Policies and Procedures
Many elements the City is currently lacking.	

- The recommendations are designed to address the systemic causes that resulted in the report findings – without implementation the City cannot be assured that the past will not repeat itself and as the system functions today, the City's assets are at risk.



THANK YOU

The Office of the City Auditor would like to express its gratitude to the Department of Human Resources & Management for their cooperation and assistance during the audit.



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Questions?

