



Internal Review Report

Review area:	Human Resources
Report issuance date:	January 30, 2012
Business segment:	Dickinson State University
Project:	NDUS-IA-02-11

Key dates

Fieldwork end date:	October 24, 2011
First report draft date:	December 15, 2011
Second report draft date:	December 20, 2011
NDUS Office review:	December 20, 2011
NDUS Legal review:	December 19, 2011
Final Report date:	January 30, 2012





January 30, 2011

Chancellor William G. Goetz
North Dakota University System
600 E. Boulevard Avenue, Dept. 215
Bismarck, ND 58505

Chancellor Goetz:

Attached you will find the report for the review of the Dickinson State University Human Resources Department. The work and findings are limited to the specific area mentioned above and are summarized on the following pages.

Please let me know if you have any questions or if I can assist in any way with the information found in this report or any other materials.

Very truly yours,



Bill Eggert
NDUS Direct of Internal Audit and Risk Assessment

Draft report distribution:

Chancellor William G. Goetz
Ms. Cynthia Wagner-Goulet, NDUS General Counsel
Dr. D.C. Coston, President, Dickinson State University
Ms. Gail Ebeltoft, Human Resources Coordinator, Dickinson State University

Final report distribution:

Chancellor William G. Goetz
Mr. Grant Shaft, President, State Board of Higher Education
Mr. Duaine Espegard, Chairman, Budget Audit and Finance Committee
Mr. Pat Seaworth, NDUS General Counsel
Ms. Cynthia Wagner-Goulet, NDUS General Counsel
Dr. D.C. Coston, President, Dickinson State University
Ms. Gail Ebeltoft, Human Resources Coordinator, Dickinson State University

Table of contents

	Page
Executive Summary	1
Section 1— Internal Review Report	3
1.1—Review objectives, scope and work performed	
Section 2—Internal review process	6
2.1-- Detailed issues and management action plans	
Section 3—Supporting Documentation	11
3.1—SBHE corresponding policies	

Executive Summary

The objective of the Dickinson State University (DSU) Human Resources (HR) review is to provide the North Dakota University System (NDUS) information on whether specified SBHE policies are being adhered to.

This report is a result of interviews conducted on site and via telephone, data gathering and validation.

Human Resources review:

NDUS Internal Audit reviewed the areas below within the Human Resources department at DSU.

- Hiring process for both staff and faculty, specifically the search committee tally sheets and other supporting documentation.
- Termination process, specifically the exit interviews, to ensure all applicable steps were taken.
- Compliance with the harassment policy to ensure each claim filed was appropriately and consistently handled to resolution.
- Adherence to SBHE policy regarding annual staff reviews.
- Overall human resources confidentiality in its actions and files, and in compliance with SBHE and state and federal law, as well as the internal control structure for the HR department.

Upon completion of the review, DSU's HR files are determined to be inconsistent but complete. The inconsistency is a result of a continuously maturing process relative to investigatory process; thus the more recent files have more thorough data as required by the changing policy or law. Only one SBHE policy violation was noted during this review and it is described below.

The following table summarizes the review objectives and links them with the results of the review. Review results include a reference to the detailed issues and Policy inconsistencies later in the report.

Review objective	Summary review results	Corresponding policy
<p>1. Human Resources review – Verify whether employee files are complete and contain yearly reviews as required by SBHE policies.</p>	<p>Internal audit selected the president’s cabinet members’ personnel files for a test sample to determine whether all contained a yearly documented review. Only one of the members had a yearly review completed and in his file and this person reports to the vice president of academic affairs. All other members have not had a documented review since 2007 under the former president.</p> <p>Issue: Yearly reviews are not being completed</p> <p>1. Per SBHE policy 604.3 all employees must have a yearly review which is to be placed in their personnel file.</p> <p>Potential impact:</p> <p>1. By not having documented yearly reviews there is no documented basis for pay increases or promotions.</p> <p>Recommended solution:</p> <p>1. Starting immediately, give the HR Coordinator the responsibility for maintaining personnel files (staff and faculty) and the authority to direct and/or require compliance with SBHE policy 604.3 to ensure all yearly reviews are completed and located in the personnel files. It is also the responsibility of the HR coordinator to alert the President of non-compliance.</p> <p>2. Verify on a yearly basis that all reviews are completed timely and placed in the employees file as required. Possibly develop a checklist taken from PeopleSoft to ensure all DSU employees reconcile with employee personnel files. Both of these recommended solutions are common amongst other institutions.</p>	<p>The lack of compliance regarding an internal control structure may be inconsistent with the following SBHE policy numbers:</p> <p>604.3 – Performance Evaluations: Benefited Employees – “All benefited employees shall have an annual written and verbal performance reviews....” And “All merit pay increases must be supported by current written performance reviews....” See section 3.1 for SBHE policy</p>

DSU Internal Review Report

Section 1—Internal review process

1.1—Review objectives, scope and work performed

Objectives

1. Human Resources

1. Understand DSU's harassment policy and procedures.
 - a. Specifically the sexual harassment informal and formal reporting processes, level of confidentiality and resolution.
2. Understand the hiring and termination processes.
 - a. Hiring process for both staff and faculty specifically the search committee tally sheets and other supporting documentation
 - b. Termination process, specifically the exit interviews to ensure all applicable steps were taken
3. Understand and ensure that staff and faculty files are complete, updated timely and secure.
 - a. Employee reviews have been completed on a timely basis and are placed in the employee's file per SBHE policy and state law.
4. To ensure there is an adequate internal control structure in place at DSU and assess if these controls are working as designed.
 - a. Overall human resources confidentiality in its actions and files, and in compliance with SBHE and federal law, as well as the internal control structure for the HR department.

This review specifically focused on assessing the extent to which policies, procedures and related internal control activities designed to manage specific institutional risks are operating effectively, efficiently and consistently throughout DSU and their subsequent effects on the NDUS.

Scope

The scope of this review is focused on how DSU is controlling and/or mitigating human resource risks specifically with new hires, terminations, harassment claims, completeness of staff and faculty files, and the overall culture, confidentiality and secureness of the human resources department.

Background and Work performed

The Human Resources review methodology consisted of understanding the process flows, identifying and validating internal controls, identifying any performance gaps, and comparing data to current SBHE and DSU policy's and other requirements. Internal audit researched the following concerns:

1. There were concerns brought forth regarding the handling of harassment claims at DSU. Internal audit interviewed the coordinator of human resources to get a better understanding of DSU's harassment policy and procedures. The policy states that any staff, faculty or student can file a claim with one of three people on campus who serves as a mediator: 1) The human resources coordinator, 2) vice president of academic affairs, or 3) the vice president of student affairs.

Each claim made must be documented, researched and resolved according to policy. Resolution can be done in one of two ways, formal or informal. The informal claim process is where the claim is settled by the involved parties via discussion. The mediator will investigate by interviewing all parties involved and will determine an outcome. A majority of the informal claims are settled with a written apology to the claimant. The mediated agreement is kept in a separate, locked file unless the resolution is requested to be placed in the employee file. If so, a specific process is will be followed.

The formal process consists of a written claim using the DSU Harassment claim form within 20 days of the alleged incident. The formal written claim is filed with the Affirmative Action Officer on campus. This officer will investigate the claim. The results of the investigation and resolution will be placed in the personnel file.

Internal audit reviewed 16 harassment claims dated 1997 through 2010 to determine whether the policy was being adhered to and that satisfactory resolution was reached. Inconsistencies in the files do exist due to the harassment policy and procedures evolving over the test time. In all cases, both formal and informal claims were handled according to policy. However, certain issues arose during the review. These are:

- The DSU Harassment policy doesn't have a cumulated or multiple claims aspect written into it. That is, several claims can be made against an individual over a period of time without the results of the current investigation being clearly able to take into account past conduct which was also the subject of investigations. One of the test subjects had six claims made against him/her in a five-year period; all claims were meritorious.
 - The harassment files can be located in three different offices and if a claim is made in one office, it's very possible that other two offices aren't aware of the claim. All harassment files should be housed in the HR department or with the affirmative action officer for consistency and increased privacy.
2. There were concerns regarding the hiring practices at DSU and the validity of the search committee's tally sheets. Internal audit reviewed the new hires for staff and faculty positions, specifically the search committee process, and the related documentation to determine whether a valid and consistent process is being followed. Internal audit reviewed four recent new hires and the supporting search committee tally sheets. The tally sheets are a numerical ranking spreadsheet which the interviewers used to rank the interviewee. The search committee process is used for coordinator positions and above for staff, and for all faculty positions. After HR has selected the most appropriate candidates for the position, the search committee can proceed in a couple different ways.
- A. Each person on the search committee interviews the candidates and completes the tally sheet which ranks the candidate numerically on several required attributes. These tally sheets are then submitted to HR for accumulation.
- B. The search committee interviews candidates as a group and each person will ask specific questions. In certain cases, these tally sheets are submitted electronically further strengthening the internal controls surrounding this process. Each person will again rank the candidate on several factors outlined on the tally sheet and discuss the rankings. After such discussion, one tally sheet is prepared and submitted to HR. Although no issues were found, a recommendation was noted.
- All search committees should use the electronic tally sheet to submit their scores to HR, as this would strengthen the internal control structure and ensure that scores are accurately reported.
3. There were concerns regarding the exit interview process and the use of manual surveys. Upon resignation or when an employee is terminating their employment at DSU, it is customary to

have an exit interview with the HR coordinator or complete the exit interview questionnaire online. Several people who resigned or left employment chose not to complete the manual survey due to concerns that the information would not reach the appropriate people. Internal audit reviewed the files of four recent DSU employees who resigned and found no issues, as HR seemed to follow the policy and procedure. However, based on the review, a recommendation is made to have all exit interviews completed online and to be received at a common place outside of DSU. This will further strengthen the internal controls within the process and will allow those completing the exit interviews to be more honest and descriptive without a fear of people on campus knowing sensitive matters and using that information in a retaliatory manner against either the departing employee or his or her co-workers who will be continuing in their employment at DSU.

4. Internal audit reviewed a limited sample of the personnel files to determine whether they are up to date and complete. DSU does utilize a checklist for personnel file set up to ensure all relevant and/or required documents are placed in an employee's file. This set-up checklist does contain yearly employee reviews completed by supervisors.

The sample selected was the president's cabinet members specifically for the years 2009 and 2010, to determine whether they had received yearly reviews per SBHE policy, and that these reviews were in their personnel file.

Internal audit found that only one of the cabinet members had a copy of their yearly evaluation in their personnel file. This one person reports to the vice president of academic affairs and not the president. The rest of the cabinet members have not had a review in several years and no explanation for the absence of a review was located in the file.

Internal audit also contacted three of the cabinet members to determine whether they had any evaluation completed by the president in the last two years. All three stated that they had not received any type of review. This correlates with the documentation found in the personnel files as the last reviews were completed in 2007 by then president Vickers.

- Only one of the members of the president's cabinet had his yearly evaluation completed by his supervisor.
 - For the remaining members, the last review was completed in 2007 by then President Vickers.
5. Concerns have been raised regarding the security, confidentiality and trust of the HR department. Human resources is tasked with keeping specific personnel data confidential and secure. Any breach or release of data can be a potential violation of state laws and SBHE policies regarding disclosure of confidential or exempt information.

Internal audit reviewed the overall security of the personnel files and the physical HR department and found no issues. The personnel files are controlled by having the information split into two sections within the folder. One section is for information which may be disclosed in response to an open records request; the other side is confidential meaning it is restricted from disclosure pursuant to an open records request. If a file is requested by the public, no restricted personal or confidential data will be allowed to be viewed.

Through interviews with DSU staff and faculty regarding the human resource department's trust, confidentiality and security, certain concerns arose. In more than one occasion, HR has appeared to overstep the boundaries by talking to staff about sensitive information regarding personnel issues which was provided and intended to be held in confidence. These actions cause other DSU staff to feel HR cannot be trusted and, therefore, employees feel they have nowhere to go when they have an employment issue to discuss. This also was mentioned with regards to the exit interviews. DSU staff doesn't trust the way the interviews/questionnaires are handled; thus, the electronic format should be implemented and used from now on.

Section 2—Internal review results

2.1—Detailed issues and corresponding SBHE policy’s

This section of the report details the process observations identified during the review. Each issue listed includes a brief background description, a statement of potential impact, and a recommended solution.

All details and supporting documentation were supplied by DSU staff.

Observation and Recommended Solution	Corresponding policy
<p>1. Completeness of staff and faculty personnel files</p> <p>Background: DSU keeps staff personnel files in the HR department and faculty personnel files in the vice president of Academic affairs office. Internal audit reviewed the overall completeness of the personnel files as well as verified the “private” vs. “public” information to ensure no restricted data could be mistakenly released to the public. Internal audit reviewed a select sample of personnel files to be sure they are current. This select sample was the president’s cabinet members to ensure all had a current yearly review. Only one of the members had their yearly review completed and placed in his file. It appears the president has not completed reviews for years 2009 & 2010 specifically. This was corroborated with follow up discussions with staff.</p> <p>Issue: Not all yearly reviews are being completed Per SBHE policy 604.3 all employees must have a yearly review which is to be placed in their personnel file.</p> <p>Potential impact:</p> <ol style="list-style-type: none"> Without a documented yearly review, there is no adequate basis for promotions and/or merit/pay increases. <p>Recommended solution:</p> <ol style="list-style-type: none"> Starting immediately, give the HR coordinator the responsibility for maintaining personnel (both staff & faculty) files and the authority to direct compliance with SBHE policy 604.3 to ensure all yearly reviews are completed and located in the personnel files. It is also the responsibility of the HR coordinator to alert the appropriate supervisor and/or president of non-compliance. Verify on a yearly basis that all reviews are completed timely and placed in the employees file as required. Develop a checklist taken from PeopleSoft to ensure all employees reconcile with employee files. Both of these recommended solutions are common amongst other institutions. 	<p>The lack of compliance regarding an internal control structure may be inconsistent with the following SBHE policy numbers:</p> <p>604.3 – Performance Evaluations: Benefited Employees – “All benefited employees shall have an annual written and verbal performance reviews...” And “All merit pay increases must be supported by current written performance reviews...” See section 3.1 for SBHE policy.</p> <p>Recommended solutions accepted by President Coston 1/30/12</p>

Observation and recommended solution	Corresponding policy
<p>2. Hiring staff and faculty via Search Committee</p> <p>Background: For most faculty and higher staff positions at DSU, HR utilizes an interviewee ranking sheet. Once a candidate has interviewed, these tally sheets are submitted to HR for accumulation. The purpose for using these tally sheets is to help ensure the highest ranked person, should correlate to the most qualified, will get the job. For all new hires reviewed for this report, all tally sheets did correlate with the person hired. The president may override the committee's selection and hire the person they feel is the best fit. In this case, an explanation of why this happened should be placed in the search committee file.</p> <p>Issue: DSU staff and faculty do not trust the current manual tally sheet process Because the tally sheet is a manual process there is the ability to manipulate rankings thus it is possible the person hired may not be the most qualified.</p> <p>Potential impact:</p> <ol style="list-style-type: none"> 1. Having a manual process in place will continue to foster concern and distrust in hiring process. <p>Recommended solution:</p> <ol style="list-style-type: none"> 1. DSU should immediately institute the use of the electronic tally sheets that are currently only used by certain search committees. Leverage the I/T staff at DSU to further develop this technology if needed. Or have a member of the search committee, other than the chairman, recalculate the tally sheets to ensure addition. <p>This would alleviate concerns and strengthen the internal control structure at DSU.</p>	<p>No policy violations were noted during this review.</p> <p>Recommended solutions accepted by Human Resources 1/30/12</p>

Observation and recommended solution	Corresponding policy
<p data-bbox="250 270 716 298">3. Terminations and Exit Interviews</p> <p data-bbox="250 331 992 543">Background: DSU is the only campus that still utilizes a manual exit interview survey. This survey is then returned to DSU and forwarded to NDUS office. Because this is a manual process, several people have raised concerns regarding the surveys getting to the appropriate people, unaltered. Of the terminations/resignations from DSU selected, this review found no violations with SBHE policies.</p> <p data-bbox="250 575 914 636">Issue: DSU staff and faculty do not trust the current manual exit interview process</p> <p data-bbox="250 638 992 758">There is still an option to do a manual exit interview; thus, there is the ability to manipulate the responses. The concern lies in that issues may not be reported to and identified and corrected by the appropriate people.</p> <p data-bbox="250 789 477 816">Potential impact:</p> <ol data-bbox="277 821 979 877" style="list-style-type: none"> 1. Having a manual process in place will continue to foster concern and distrust in the exit interview process. <p data-bbox="250 909 573 936">Recommended solution:</p> <ol data-bbox="277 940 992 1087" style="list-style-type: none"> 1. DSU should immediately institute the use of the electronic exit interview for all departures, eliminating the manual process entirely. This will alleviate concerns while promoting honest responses and strengthen the internal control structure at DSU. <p data-bbox="321 1150 805 1178" style="color: red;">This has been corrected as of 12/15/11</p>	<p data-bbox="1060 270 1430 331">No policy violations were noted during this review.</p>

Section 3—Supporting Documentation

3.1—NDUS SBHE related policies

SUBJECT: 600s: Personnel

EFFECTIVE: June 21, 2001

Section: 604.3 Performance Evaluations: Benefited Employees

1. All benefited university system employees shall have an annual written and verbal performance development review that includes evaluation of performance based upon mutually agreed upon development plans or goals. Procedures governing faculty shall be consistent with requirements stated in Policy 605.1. Requirements for employees included within the broadbanding system are stated in Section 17 of the NDUS Human Resource Policy Manual; those requirements shall also apply to all other employees except faculty.
2. All merit pay increases must be supported by current written performance reviews and consistent with a salary administration plan adopted under policy 702.4.

History:

New Policy, SBHE Minutes, June 21, 2001.