

# Human Resource System Audit

Align with best practices and develop into  
a strategic HR system

December 2017



---

Multnomah County Auditor's Office  
Steve March, Multnomah County Auditor



## Office of Multnomah County Auditor

---

Steve March  
County Auditor

501 SE Hawthorne Room 601  
Portland, Oregon 97214  
Phone: 503-988-3320

Fran Davison  
Nicole Dewees  
Craig Hunt  
Jennifer McGuirk  
Annamarie McNeil  
Marc Rose  
Mark Ulanowicz  
Caroline Zavitkovski

November 16, 2017

To: Chair Kafoury; Commissioners Meieran, Smith, Vega Pederson, Stegmann; Sheriff Reese; District Attorney Underhill; COO Madrigal; Human Resources Director Graves

From: County Auditor Steve March

Re: Human Resource System Audit

The attached report covers the results of our Human Resource System Audit. The County employs a decentralized human resources model, with departments having human resource staff serving the departmental needs and a central HR office for services that cut across the organization (benefits; classification & compensation; project management; labor relations; and talent development). We found that while training on how to manage is available it is not required countywide for managers or supervisors, and while there are workplace complaint processes, they are not supported by detailed countywide procedures that encourage mediation or early resolution of conflicts. Improvements could also be made in onboarding, performance management, and the ADA accommodation process. Overall, while the County recently developed a strategic vision for human resources, it has not yet been fully implemented.

We at the Auditor's Office would like to thank Central Human Resources as well as the various departmental HR professionals for their cooperation and assistance with this audit. The auditors who performed this audit were Craig Hunt and Jennifer McGuirk.

C: Departmental HR managers

## Table of Contents

Report Highlights..... 1

- What We Found ..... 1
- Why We Did This Audit ..... 1
- What We Recommend..... 1

County departments determine their HR needs in a decentralized structure ..... 2

HR system could provide more value to the County if it became more strategic..... 3

- Workday may be a good step, but is only part of the solution for making County HR strategic..... 4
- The right organizational structure is needed for strategic HR to succeed..... 5
- Human resource roles should support strategic HR. .... 5
- The County faces many potential barriers to achieving strategic HR. .... 7

Across departments, HR needs to develop consistent processes that align with best practices. ... 8

- General consistency for HR’s role in FMLA/OFLA leave administration and performance management, but not for onboarding or training. .... 8
- The County needs to align onboarding, performance management, and training to best practices. .... 9

Establishing best-practice programs for onboarding, performance management, and training is likely to provide significant benefits. .... 10

- Realizing the benefits of best practices in onboarding and performance management will require a new approach to training supervisors/ managers. .... 12

The HR role in the ADA accommodations process seemed solid, but pointed to some areas for improvement. .... 12

- County HR professionals and the County Attorney’s Office seemed committed to complying with the spirit of the ADA. .... 13
- The County needs to clarify what documentation and tracking are required. .... 13
- The County needs to clarify how to follow up on accommodations..... 14
- Education about the ADA can help the County be a more inclusive workplace. .... 14

The workplace complaint process needs detailed Countywide procedures that encourage mediation. .... 15

- Written policy encouraging early resolution of conflicts is essential. .... 16
- Formal investigations must meet high standards. .... 16

The County does not track complaints. .... 17

The County offers mediation and investigation training..... 18

Recommendations..... 18

Objectives, Scope, & Methodology ..... 22

Audit Staff ..... 23

Response to Audit..... 24

## Report Highlights

### What We Found

- The County is operating under a more traditional human resource (HR) system and will need to address potential barriers in the way of reaching strategic HR.
- The County's onboarding, performance management, and training are not aligned with best practices.
- There are no Countywide mandatory trainings for supervisors or managers on how to be good managers.
- County HR professionals and the County Attorney's Office seemed committed to complying with the spirit of the Americans with Disabilities Act (ADA). But, the County did not appear to gather the data needed to assess the ADA accommodations process for bias.
- The workplace complaint process was not supported by detailed Countywide procedures that encouraged mediation and early resolution of conflicts.

### Why We Did This Audit

HR was included on our 2016-17 audit schedule. With the addition of a new ERP system, HR is preparing to make transformative changes to the way it does business. We wanted to determine if any barriers were standing in the way of HR's success.

### What We Recommend

- The County needs to first make sure it is doing traditional HR processes well before it can move towards strategic HR. This means making some minor changes to FMLA/OFLA leave administration, as well as retooling programs in onboarding, performance management, and training to meet best practices.
- Central HR should regularly evaluate departmental HR practices for effectiveness and adherence to HR processes and practices coming out of Central HR.
- Department HR managers should be an integral part of top management teams and be fully engaged in management's strategic choices. County HR professionals should be data-driven leaders who are instrumental in helping to make and carry out strategic decisions.
- Central HR should implement a system for tracking accommodations and their status.
- To fairly and promptly resolve complaints at the lowest organizational level possible, HR should develop Countywide, detailed procedures that begin with the initiation of complaints, address mediation, and go through formal investigations.
- To help ensure the *appearance of impartiality*, and increase consistency, formal investigations should be conducted centrally.

## County departments determine their HR needs in a decentralized structure.

County HR operates under a decentralized structure as shown below. Central HR’s responsibilities include labor relations, classification and compensation, wellness, employee benefits, and training. Department HRs provide a full array of services that include general HR administration, recruitment, employee relations, discipline, performance evaluations, and departmental training.

County HR is decentralized.



Source: Multnomah County Central Human Resources Fiscal Year 2017 –2019 Strategic Plan

The dotted line between Central HR and County departments means that department HR managers report to their own directors, but should also follow Countywide HR policies and procedures. The dotted line shows that Central HR also collaborates with department HR managers.

We looked at HR resources in terms of non-training HR personnel per employees; this is a common metric. According to the International Public Management Association for Human Resources (IPMA), the most common ratio is one HR person per 76-100 full time equivalent (FTE) for municipalities with 1,000-4,999 FTE. Countywide, there is 1 HR person per 58 FTE, which is generally a lower ratio than similar sized organizations. IPMA also shows that as FTE increases the ratio decreases. Human resource dollars spent per FTE in the County was \$2,742 in FY2016.

The table on the next page shows that there is not a consistent investment in HR across departments. For example, the Department of Community Justice had 2.22 HR staff per 100 full time equivalent (FTE) employees, while the Department of County Human Services had 1.04 HR staff per 100 FTE. Central HR spent \$3.9 million in FY2016, and all other departments combined spent \$9.7 million for a total of \$13.6 million. Some of the HR staffing differences among departments may be explained by operational differences.

HR resources vary by department.

Department	HR FTE	County FTE	HR Staff per 100 FTE
Department of Community Services (DCS)	5	213	2.25
Department of Community Justice (DCJ)	12	546	2.22
Library	10	537	1.93
Departments of County Management (DCM), County Assets (DCA), Non-Departmental	10	657	1.47
Sheriff's Office (MCSO)	9	766	1.18
Health Department	16	1,386	1.12
Department of County Human Services (DCHS)	7	641	1.04
District Attorney's Office (DA)	1	208	0.48

Source: Auditor's Office analysis of FY2016 SAP data. HR staff per 100 FTE excludes HR training staff and MCSO background investigators.

## HR system could provide more value to the County if it became more strategic.

About 20 years ago, the Human Resources (HR) profession fundamentally changed and began becoming more strategic by aligning its practices with the strategy of the organizations it served. Prior to that, the profession primarily focused on traditional HR activities such as human resource planning, establishing policies and procedures, job analysis, recruitment and selection, investigations, maintaining employee relations, performance appraisals, compensation management, and training. All of these traditional functions are important and must be done well.

Strategic HR would align HR practices with the County's strategic objectives.

Even though many organizations have transformed their HR function to contribute at a strategic level, the County is still operating under a more traditional HR system. The diagram on the next page compares traditional to strategic HR.

Traditional HR versus Strategic HR

<b>Factor</b>	<b>Traditional HR</b>	<b>Strategic HR</b>
Role of HR	Transactional, change follower and respondent	Transformational, change leader and initiator
Nature	Reactive	Proactive
Scope	Employee relations	Both internal and external relations
Initiatives	Slow, reactive, and fragmented	Fast, proactive, and integrated
Time horizon	Short-term	Long-term
Job design	Tight division of labor, independence, specialization	Broad, flexible, cross-training, teams

Source: The Evolving/Strategic Role of Human Resource Management, Strategic Human Resource Management, Jeffrey A. Mello

Based on best practices, the primary function of strategic HR is to help organizations achieve their mission, vision, strategy, and goals. According to Bersin of Deloitte, aligning HR practices to an organization’s strategic objectives has also shown to generate four times the return of HR’s traditional functions.

**Workday may be a good step, but is only part of the solution for making County HR strategic.**

Despite general agreement among the HR managers we spoke with about the organizational value of strategic HR, over the years the County has not implemented it. The County’s new ERP system, Workday, is expected to play an important role in County HR’s efforts to improve. Using Workday is intended to increase operational efficiencies and accomplish many of HR’s traditional responsibilities faster and better than before. Once put into operation, Workday is intended to help with the demands of a modern HR system. But Workday is only part of the solution to improving the County’s HR maturity.

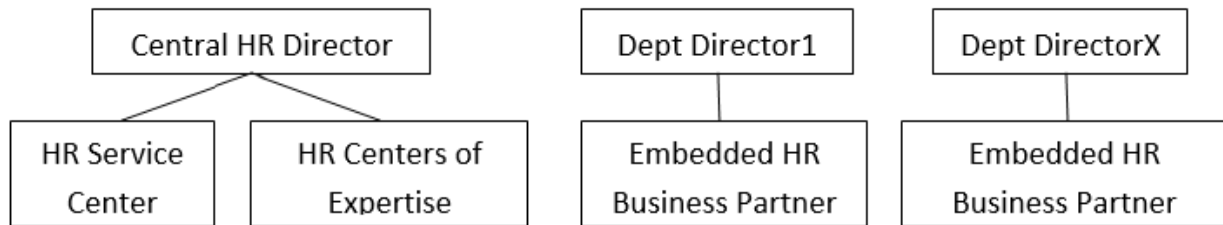


The right organizational structure is needed for strategic HR to succeed.

The business partner model below reflects a best practice structure and roles for HR to directly contribute to the strategic direction of the County. Under this model, HR departments are organized to reflect the structure of the larger business.

It is common for organizations that have more than 1,000 FTEs and more than one line of business to have a mix of centralized and decentralized HR like the County. Except for the model’s self-service aspect in the HR Service Center, the County’s HR organizational structure is generally the same (see the chart on page 1) as the HR business partner model illustrated below. But some of the County’s current HR roles are different from the model and do not generally support strategic HR.

HR Business Partner Model



Source: The 21<sup>st</sup> Century HR Organization, Dave Ullrich, Jon Younger and Wayne Brockbank, Human Resource Management, Winter 2008, Vol. 47, No. 4, p. 829–850

Human resource roles should support strategic HR.

In the business partner model, Central HR’s roles are both strategic and operational, forming the programs that implement the strategic agenda. The chart on the next page compares the strategic business partner model roles to HR’s current roles.

County HR roles do not match strategic business partner roles.

Position	Business Partner Model Role	Current Role
Central HR Director	<ul style="list-style-type: none"> <li>-Builds a consistent organizational culture.</li> <li>-Ensures that all HR work is aligned to County goals.</li> <li>-Arbitrates any disputes between centers of expertise and embedded HR.</li> </ul>	<ul style="list-style-type: none"> <li>-Leads HR technology development, process automation, and ensures compliance with federal, state, and local laws and labor agreements.</li> <li>-Determines policy and develops any needed processes collaboratively with HR department managers.</li> <li>-Functions as the primary liaison to senior leaders and partners with department HR managers.</li> </ul>
HR Business Partner	<ul style="list-style-type: none"> <li>-Assigned to heads of departments and functions as internal consultants.</li> <li>-Aligns department business objectives with employees and management.</li> <li>-Works directly with line managers to elucidate strategy, manage talent, provide supportive HR strategies, and lead the department's HR function.</li> <li>-Have business backgrounds, understand data and technology.</li> <li>-Measures performance to determine the extent HR investments are paying off.</li> </ul>	<ul style="list-style-type: none"> <li>-Business partner role not established.</li> <li>-HR manager's level of involvement with their department's executive management team varies.</li> </ul> <p data-bbox="959 800 1446 968">Note: Department HR managers will require better data and automation as well as more time to offer more strategic consultation. Some HR managers might need additional training to be a business partner.</p>
HR Service Center	<ul style="list-style-type: none"> <li>-Operates traditional HR functions to realize economies of scale.</li> <li>-Requires standardization of processes to better ensure consistency and to reduce duplication.</li> <li>-Utilizes employee self-service on a 24/7 basis from both inside and outside the organization so that employees may manage their own HR administrative work.</li> <li>-A call center operation can be put in place for employees who need self-service assistance.</li> </ul>	<ul style="list-style-type: none"> <li>-Currently utilizes employee self-service on a limited basis compared to what is envisioned for strategic HR.</li> </ul> <p data-bbox="959 1178 1446 1434">Note: With better self-services, according to Dave Ulrich, as much as 60% of employee HR questions or transactions can be answered or completed by employees. Not only is it efficient when employees perform administrative or transactional activities via self-service, it also frees up HR resources to focus more on strategy.</p>
Centers of Expertise	<ul style="list-style-type: none"> <li>-Promote collaboration and best practices in specific focus areas to drive results.</li> <li>-Offer specialized consulting for areas that require subject matter expertise.</li> <li>-Collaborate with department HR managers when these managers are selecting and implementing the right services.</li> <li>-Create new menu offerings if the current offerings are insufficient.</li> </ul>	<p data-bbox="959 1503 1446 1612">Labor relations, HR project management, Talent Development, Class Comp and Benefits Administration are centers of expertise in the County.</p>

Source: Auditor's Office analysis

## The County faces many potential barriers to achieving strategic HR.

Strategic HR is not new and has a significant payoff. Why hasn't the County fully embraced it?

The County only recently developed an overall strategic framework, which is a necessary prerequisite to move further towards strategic HR. Some of the other potential barriers the County faces to strategic HR are highlighted below.

The County must overcome potential barriers to reach strategic HR.

<b>Barrier</b>	<b>Description</b>
High level support	Support from the Board of County Commissioners, Chief Operating Officer, and Department directors throughout the transition to strategic HR will help ensure success.
Department perception	Strategic HR is not a priority in all departments. HR must be viewed as a partner or internal consultant to departments. Some departments may not have such views and spend less than other departments on HR.
HR skills	From finance to operations, HR managers need to thoroughly understand the County and put this knowledge into action. Moving from traditional to strategic HR requires a cultural shift. HR leaders need to convince management of their new role in strategic HR and build a business case for change that responds to key stakeholders and business conditions. HR may need to develop new competencies in order to have the best skills to promote or carry out strategic HR. The County may need to elevate the department HR manager (business partner) to a higher status and increase its pay.
Changing priorities	Changing elected officials with different priorities can be a barrier.
Information technology	According to department HR managers, SAP has been a barrier to strategic HR. Workday will replace SAP and promises to offer better data capabilities and less paper. It is hoped that Workday will free up time for HR to shift more of its attention to strategy.
Automation	Currently, HR is largely paper-based and should move to an electronic system. Paper is less accessible and takes space to file. Electronic records allow more efficient document sharing within departments. With a self-service model, employees do some of the work currently performed by HR that could free up time for HR to perform strategic work.
Data/metrics	HR data are not readily available for metrics. In addition to measuring traditional HR activities, HR should be assessed by the outcomes they create in support of the County's objectives.
Organizational Structure	HR needs to be structurally aligned with the organization structure of the County. Roles between central and departments are not clear in some cases. For example, responsibilities for workforce planning, safety programs, and leave administration may not be clear between all departments and Central HR.

Source: Auditor's Office analysis

## Across departments, HR needs to develop consistent processes that align with best practices.

As we wrote above, HR must have traditional processes in place and operating well before moving to more strategic endeavors. One sign that processes are in place and operating well is that they are consistent. It is common for organizations as complex as the County, and with as many employees as the County, to have standardized, consistent HR practices overall, with some tailoring to individual lines of business. Consistency matters because it:

- Helps sustain organizational values, including a shared understanding of what the organization expects from all employees, and what employees can expect from the organization;
- Enables the organization to establish and track performance indicators;
- Can decrease the cost for delivering HR services and reduces the frustration that inconsistent processes can cause for HR staff, executive management, employees, and clients; and
- Supports the transition to a cloud-sourced HR system, like Workday. Workday is not customizable and forces organizations to adopt greater standardization.

To find out how consistent HR services were across departments, we assessed four areas: Family Medical Leave Act/Oregon Family Leave Act (FMLA/OFLA) leave administration, performance management, training, and onboarding, which is the process for helping new employees adjust to their new jobs and organizations.

### General consistency for HR's role in FMLA/OFLA leave administration and performance management, but not for onboarding or training.

The Employee Benefits Office in Central HR administers all leaves except for Sheriff's employee leaves, which the Sheriff's Office HR administers. These offices' leave administration practices seemed generally consistent with one another.

The Employee Benefits Office serves nine departments for FMLA/OFLA leaves, and these nine departmental HRs described similar delineations of roles with Employee Benefits. But some departmental HRs appeared to provide more customer service than others for FMLA/OFLA leave. There also appeared to be a lack of consensus as to whether the County should approve retroactive leaves. The Employee Benefits Office appeared to track all leaves, and so did six of the nine departments. The implementation of Workday may help end this duplication of effort.

Performance management was the other area in which there seemed to be general consistency across departmental HRs; the majority of those offices described themselves as consultants to supervisors and managers. We saw less consistency in practices for onboarding and training.

For example, less than half of the departmental HRs appeared to ask new hires for feedback as part of the onboarding process, and the majority did not seem to help ensure that training opportunities were fairly distributed among employees.

### The County needs to align onboarding, performance management, and training to best practices.

It is possible that departmental HRs could have practices that were consistent with one another, but that these practices might not be consistent with best practices. So, we also compared each service area to best practices. We found that FMLA/OFLA leave administration generally met best practices. There were some departmental HRs that seemed to meet best practices for onboarding, and there were some good training practices. We found that the County needs to develop programs that fully meet best practices for onboarding, performance management, and training.

Establishing or retooling HR programs to meet best practices would create consistency in how the County's different departments provided these services and support employee engagement. This is important because employees who are engaged are more likely to stay with the County, provide exceptional service, and be more productive on the job.

During the time of our audit, Central HR started an effort to improve Countywide onboarding. Central HR management also shared with us their interest in recalibrating performance management to meet best practices. These are positive steps.

Establishing best-practice programs for onboarding, performance management, and training is likely to provide significant benefits.

HR area	Best practices in brief	What we found	Benefits of meeting best practices
Onboarding	<p>HR owns a systematic onboarding process that covers “the four Cs”:</p> <ul style="list-style-type: none"> <li>• <b>Compliance:</b> Basic legal and policy-related rules and regulations.</li> <li>• <b>Clarification:</b> Understanding the new job and expectations.</li> <li>• <b>Culture:</b> Formal and informal norms.</li> <li>• <b>Connection:</b> Supporting interpersonal relationships and information networks.</li> </ul>	<p>Most departmental HRs oversaw aspects of onboarding that addressed compliance. A few seemed to own the process and covered all four Cs themselves or guided supervisors/managers on how to cover them. Between FYs 2014 and 2016, an average of 1 in 5 new hires left the County in their first year.</p>	<p><b>Proper onboarding helps ...</b></p> <ul style="list-style-type: none"> <li>• support better job performance.</li> <li>• reduce employee stress by supporting self-efficacy, role clarity, and social integration.</li> <li>• improve new employee retention. Turnover is disruptive and can cost 50% to 150% of the job’s annual salary.</li> </ul>
Performance management and related training	<p>Performance management is a part of daily work. HR is responsible for:</p> <ul style="list-style-type: none"> <li>• <b>Monitoring the system</b> to ensure employees are treated fairly, and that no groups are treated differently.</li> <li>• <b>Training managers</b> about responsibilities including: <ul style="list-style-type: none"> <li>❖ Regularly communicating expectations</li> <li>❖ Providing real-time feedback</li> <li>❖ Helping employees develop expertise</li> </ul> </li> <li>• <b>Training employees</b> about responsibilities including: <ul style="list-style-type: none"> <li>❖ Ensuring clear expectations</li> <li>❖ Seeking feedback</li> </ul> </li> </ul>	<p>Most departmental HRs did not assess for differences in treatment to groups, such as employees of color. Majority of HRs provided training only on an informal basis. Two departments required supervisors/managers to take Talent Development trainings called:</p> <ul style="list-style-type: none"> <li>• Excelling as a First-time Supervisor</li> <li>• Performance Planning and Review</li> <li>• Managing Substandard Performance</li> </ul>	<p><b>Organizations that meet performance management best practices ...</b></p> <ul style="list-style-type: none"> <li>• have better managers. They train all supervisors and managers on performance management to help good managers sustain their skills, and help bad managers become better. At Google, 75% of its least competent managers showed significant improvement after training.</li> <li>• support retention by emphasizing the management practices that drive employee engagement.</li> </ul>

HR area	Best practices in brief	What we found	Benefits of meeting best practices
General training	<p>HR aligns employee development with organizational goals.</p> <ul style="list-style-type: none"> <li>Ensures no unnecessary overlap between central and departmental HR</li> <li>Monitors training effectiveness</li> <li>Ensures equitable access to training</li> </ul>	<p>Half of departmental HRs developed trainings and seemed to align them to department goals. The majority also seemed to refer employees to Talent Development trainings, which can help reduce overlap.</p> <p>Talent Development seemed to monitor effectiveness of its trainings.</p> <p>Most departmental HRs and Talent Development did not seem to ensure equitable access to training.</p>	<p><a href="#">Monitoring access to training can help ensure that training supports ...</a></p> <ul style="list-style-type: none"> <li>retention across departments and employee groups.</li> <li>employee engagement across the organization because access to professional development opportunities is key to engagement.</li> </ul>
Compliance training	<p>Compliance training is provided to all employees and covers:</p> <ul style="list-style-type: none"> <li>Safety</li> <li>Sexual harassment prevention</li> <li>Discrimination prevention</li> </ul> <p>Supervisors receive additional training on:</p> <ul style="list-style-type: none"> <li>Civil rights law and protected classes</li> <li>Basics of family leave laws and the Americans with Disabilities Act</li> </ul>	<p>Most departments required all employees to take:</p> <ul style="list-style-type: none"> <li>Safety training or overview</li> <li>Diversity training</li> <li>Maintaining a harassment-free workplace</li> </ul> <p><a href="#">Supervisors/managers</a></p> <p>Four departments required them to take:</p> <ul style="list-style-type: none"> <li>Creating a Harassment-free Workplace for Managers</li> <li>Drug and Alcohol Policy for Managers</li> </ul> <p>Three required:</p> <ul style="list-style-type: none"> <li>Safety and the Supervisor</li> </ul> <p>Two required:</p> <ul style="list-style-type: none"> <li>Disability and Leave Laws</li> </ul>	<p><a href="#">Required compliance training helps ...</a></p> <ul style="list-style-type: none"> <li>reduce the County's financial risk by demonstrating the County has shown reasonable care to prevent and correct non-compliant behaviors.</li> <li>reduce risk to employees by helping prevent discrimination and harassment, and reducing injuries and illnesses related to safety compliance.</li> <li>build a culture of compliance that values civility and safety.</li> </ul>

Source: Auditor's Office analysis

## Realizing the benefits of best practices in onboarding and performance management will require a new approach to training supervisors/managers.

Supervisors and managers play a significant role in onboarding and performance management. How well they do their job affects the County's ability to retain talent; an employee's relationship with their manager is the most important single factor in employee engagement. A recent Gallup study found that at some point in their careers, one in two adults had left a job to get away from their manager.

Supervisors & managers affect retention.

1 in 2 adults have left a job to get away from a manager.

Currently, there are no Countywide mandatory trainings for supervisors or managers on how to be good managers. Central HR's Talent Development based this approach at least in part on research that demonstrates adult learners are resistant to required training and benefit more from training they volunteer to take.

While evidence does bear this out, there is also a body of research that calls for organizations to invest in their supervisors and managers through training that is consistent across the organization. Systematic training helps ensure new managers receive sufficient support as they transition into a new role, helps bad managers improve, and helps good managers deepen their skills. In turn, this enhances employee engagement by affirming a baseline for what employees can expect from the organization even if their supervisor changes or they move across departments.

Requiring training for supervisors and managers would also be a step toward meeting best practices for compliance training. These best practices advise that organizations provide compliance training to all employees to support safety and help prevent sexual harassment and discrimination.

It's a best practice to provide all employees with training that supports safety and helps prevent harassment and discrimination.

## The HR role in the ADA accommodations process seemed solid, but pointed to some areas for improvement.

We also looked at how consistently the County's departmental HR units used the County's prescribed process for responding to requests for reasonable accommodations under the Americans with Disabilities Act. We looked only at the HR role in the process, not at employee perspectives. We found general consistency across the HR units.



It is important to note that when we talk about consistency in relation to ADA accommodations, we are talking about consistent use of the County's process. The ADA accommodation needs to be tailored to the individual employee with a need for an ADA accommodation. Even two individuals with the same disability may need different accommodations to be effective in their work.

### County HR professionals and the County Attorney's Office seemed committed to complying with the spirit of the ADA.

We found that the HR professionals in each department who were responsible for managing the ADA accommodations process described the process in a generally consistent way. They appeared knowledgeable about the ADA and committed to complying with it. A few HR professionals said they might talk with one another generally about possible accommodations for a particular condition, and/or use the U.S. Department of Labor's Office of Disability Employment Policy's Job Accommodation Network for possible accommodations to try.

The County Attorney's Office serves as a resource to the departmental HR professionals. A primary message from the County Attorney seemed to be to keep working with employees until they arrived at a reasonable accommodation that worked. In some cases, the end result has been that the County and employee have agreed to transfer the employee to a different County position.

### The County needs to clarify what documentation and tracking are required.

Personnel Rule 2-70 governs County compliance with the ADA and defines documentation that needs to be completed and maintained during the reasonable accommodations process. In some instances where an employee needs an accommodation, it can be relatively easy to provide, such as a sit/stand desk. In these less complex cases, not all of the forms described in Rule 2-70 may be needed to document the accommodations process. It would be beneficial for all HR units to determine which documentation is needed across the continuum of accommodations requests to provide some greater Countywide consistency to the process.

The personnel rule also states that the County Attorney's Office may track approvals and denials to ensure compliance with regulations. But this is not a requirement. Some departments provided a variety of forms to the County Attorney, and others appeared to provide none. When departments did provide documentation to the County Attorney, they did not appear to consistently provide information on the approval or denial of requests; the County Attorney would need this information for it to be able to track approvals and denials. Standardizing the documentation that is necessary could help ensure that departmental HRs provide this

information consistently to the County Attorney's Office and enable that office to track approvals and denials.

We asked departmental HR managers to estimate the number of times each year they entered into an ADA accommodations process. If their estimates were roughly correct, this would mean that department HRs provided documentation on ADA accommodations processes to the County Attorney roughly 5% to 11% of the time. The County Attorney's Office did not appear to use the documentation they received for tracking purposes. The County did not appear to gather the data needed to assess the accommodations process for bias, such as bias against individuals with mental disabilities compared to those with physical disabilities. This kind of bias assessment is a best practice.

There would be at least three benefits for consistently documenting and monitoring the accommodations process:

1. The County would consistently have a completed source document, such as the Resolution of Request for Reasonable Accommodation form that is on the Commons, of the decisions reached and the reasoning behind those decisions.
2. The County could create its own resource for determining accommodations to try; this resource could be similar to the Job Accommodation Network, but tailored to the County.
3. The County could assess the accommodations process over time for bias, such as bias against individuals with mental disabilities compared to those with physical disabilities.

### The County needs to clarify how to follow up on accommodations.

It is a best practice to follow up with employees to see whether the reasonable accommodation is working or if another should be tried. Most HR personnel stated that they did check-in with employees, but the intervals between check-ins and the number of check-ins varied. It would be beneficial for all HR units to determine a baseline for follow-up practices to provide some greater Countywide consistency to the process.

### Education about the ADA can help the County be a more inclusive workplace.

Central HR's 2015 employee survey found that 26% of employees Countywide who have disabilities said that their disability negatively affected how they were viewed in their work unit. Of this population, about 20% said they require an accommodation but had not requested one. In some cases, this was because they were concerned it would negatively affect how they were perceived.

Some HR professionals we interviewed about the reasonable accommodations process shared that the coworkers of individuals with disabilities can sometimes resent the accommodation the person with disabilities is receiving. For example, in a post-driven role, if the person on one shift does not get the work done, the person on the next shift has to. This can unfortunately lead to people feeling that they are working more than another person. Supervisors and managers can also find the process frustrating because it can be complex and take a long time to land on a reasonable accommodation that works well.

Educating all employees about the ADA can help reduce the likelihood of discrimination at the County.

Educating all employees about the ADA and the reasonable accommodation process can have a mitigating effect for the feelings of resentment and frustration and decrease the likelihood of discrimination. The training can also empower employees with disabilities to obtain the supports they need to be effective in their jobs.

## The workplace complaint process needs detailed Countywide procedures that encourage mediation.

The final area we assessed was employee complaint investigative processes. The types of complaints vary from discrimination, harassment, and retaliation to other violations of County rules, workplace safety, and timekeeping issues. Departments settle some complaints informally while other complaints need to be resolved through a formal investigation process.

We examined the County's complaint process and spoke with all department HR managers. The Department of Community Justice (DCJ) has its own workplace complaint and investigation procedures but will need to make changes once Countywide procedures are in place. This section is not applicable to the Sheriff's Office who investigates complaints through its Internal Affairs Unit.

The County's personnel rules detail multiple ways to report complaints. Employees can report complaints orally or in writing to any supervisor or manager, department HR representative, the County Chief HR Officer, or the Office of Diversity and Equity. The Sheriff's Office and DCJ have their own written procedures for complaints. The Office of Diversity and Equity maintains written procedures for discrimination, harassment, and retaliation complaints. All other departments do not have written procedures for complaints.

Most departments do not have written procedures for how to handle complaints.

### Written policy encouraging early resolution of conflicts is essential.

The County does not have sufficiently detailed, Countywide procedures to ensure that complaints and investigations are consistently resolved and tracked. Procedures would provide criteria for resolution of complaints informally, through mediation or by formal investigation.

Complaints should be addressed fairly and promptly at the lowest level possible. Based on the nature of the complaint, a formal investigation may be needed. If a complaint moves into a formal investigation, the conflict resolution process gets more lengthy and costly. Open investigations can disrupt work and have a negative impact on productivity and morale. Formal processes are also *position-based* and may not get to the underlying issues between individuals. A position-based process is based on what each party wants. Each party to the conflict holds on to a fixed idea, or position, arguing for it from an all-or-nothing, win-or-lose standpoint despite unexplored and potentially better alternatives.

When appropriate, a more informal, *interest-based* conflict resolution process such as mediation is more likely than an investigation to address the causal issues of the complaint and bring positive change to the work environment. An interest-based process focuses on developing agreements based on the interests of the parties that benefit both parties. When employees collaboratively problem solve, they are more likely to be satisfied with the outcome.

The U.S. Equal Employment Opportunity Commission has recommended alternative dispute resolution, of which mediation is one kind. According to department HR managers, the County has also used mediation at times to help resolve complaints. We could not estimate how many complaints are dealt with informally through mediation because complaints are not tracked.

Department HR staffs generally help resolve complaints or conduct investigations. Investigations are sometimes performed by HR staff from different departments than where the complaint occurred. Central HR management shared with us that Labor Relations and/or the County Attorney's Office are available for review or consultation.

### Formal investigations must meet high standards.

A properly conducted formal investigation is evidence-based and must meet high standards. When departments select an investigator, the investigator should not be in a position of direct authority over any of the people involved. Staff assigned to conduct investigations must be impartial and be *perceived* as impartial. The investigator must protect the confidentiality of the disputing parties to the extent possible. Investigators interview any witnesses and issue a report that serves as a basis to administer any discipline. The investigation should be thoroughly documented. Finally, the

Staff who conduct investigations must be impartial and be *perceived* as impartial.

investigator should share any process improvements or training opportunities with management.

The County risks damaging its credibility and exposes itself to potential lawsuits if departments perform investigations inconsistently. Investigators in different departments should arrive at comparable results for similar cases. Generally, departmental HR carries out investigations, although managers/supervisors conduct investigations in DCJ with the help of HR. The risks of investigation inconsistencies are even higher for the County without centralized, Countywide investigation procedures.

Well-trained certified mediators or investigators should conduct investigations.

The County can reduce its risk by creating strong Countywide complaint procedures and by conducting formal investigations centrally. Informal complaints should still be resolved at the department level and follow Countywide procedures. Both HR staff and employees should know through policy and procedures that they have the option of mediation.

### The County does not track complaints.

Departments do not track any information about complaints and how they were resolved unless the complaint becomes an investigation. Then, only one department tracks their investigations.

Departments do not record any information about complaints in part because HR has difficulty at times identifying whether there is a bona fide complaint, or HR quickly and easily resolves the complaint. Some departments said they also have 10 or fewer complaints per year and do not feel a need to track them. We could not estimate the number of complaints, but approximately 100 complaints in County departments become formal investigations each year (excluding the Sheriff's Office and DCJ).

Departments should begin tracking all complaints centrally when they are received. The County should be able to know the personnel assigned to cases, types and sources of complaints, status of complaints at any time, how long it takes to resolve cases, case outcomes, and any systemic problems identified while resolving cases that should be corrected. Through capturing this data, the County can measure the percentage of complaints resolved informally, the mediation rate, employee satisfaction with the process, and average time to close complaints by type of complaint.

## The County offers mediation and investigation training.

Whether complaints are resolved through counseling, mediation or a formal investigation, well-trained employees need to handle them. We examined internal training records for FY2014 through FY2017 and found the County offers both mediation and investigation courses. Many HR staff attended these courses, but we do not know if all who dealt with complaints did. Department HR managers also said training is also available outside the County.

The County could reduce its risk further if all who performed mediation services or conducted formal investigations were certified mediators or investigators. Well-trained staff at the central level to conduct formal investigations, and at the department level for conflicts that can be resolved through mediation, should increase the chances that complaints are resolved properly.

## Recommendations

HR must have traditional processes in place and operating well before moving to more strategic endeavors. For full realization of where HR wants to be in the future, the County will need to make a culture change. There are several approaches to “transforming” HR. A book co-authored by Dave Ulrich called *HR Transformation: Building Human Resources from the Outside In* provides one model that could help the County make the needed changes.

1. To move beyond traditional HR functions, County HR should be an integral part of the top management team and should be fully engaged in management’s strategic choices. In this way HR moves beyond operational functions to adding more value to the County.
2. To ensure the change to strategic HR is successful:
  - a. The transition to a more strategic HR should be accomplished incrementally over several years.
  - b. The transition should be supported by a formal process and championed by high-level management.
  - c. Department HR managers may need to develop new competencies in order to have the best skills to carry out strategic HR.
  - d. The County may need to elevate the HR manager (business partner) to a higher status and increase its pay.
  - e. County HR professionals should be data-driven leaders who are instrumental in helping to make and carry out strategic decisions.

- f. Measuring success must be tied to County objectives but must also include measures for traditional HR activities.
3. To decrease the amount of paper generated by traditional HR activities, HR should move from a primarily paper-based HR system to an electronic one once it is fully known what Workday can do.
4. Central HR should lead efforts to create best practice HR programs across the County.

To move the County toward a strategic HR system, the County needs to make sure it is doing critical HR processes well. This means making some minor changes to FMLA/OFLA leave administration, as well as retooling programs in onboarding, performance management, and training to meet best practices. Central HR should lead these efforts, based on a strategic HR model, as well as County Personnel Rule 5-10, which makes Central HR responsible for 1) the proactive development of state of the art HR systems and serving as a best practices clearing house, and 2) providing training to assure county employee workforce skill and knowledge.

5. After the implementation of Workday, Central HR should review all personnel rules and revise them to reflect current practices and address best practices.

We found a number of aspects of HR-related personnel rules that were out of date or unclear. For example, the FMLA/OFLA leave rule does not reflect that the Employee Benefits Office provides central services to all departments except for the Sheriff's Office.

6. Central HR should regularly evaluate departmental HR practices for effectiveness and adherence to HR processes and practices coming out of Central HR.

We identified a number of inconsistencies in the areas of HR practice that we studied for this audit. This suggests other common HR practices may be inconsistent Countywide.

7. The HR Workday team should ensure automation of as many FMLA/OFLA leave administration tasks as possible, such as:
  - a. Preventing employees from using FMLA/OFLA time codes if they are not on these approved leaves.
  - b. Preventing employees on approved leave from entering their time using inappropriate codes.
  - c. Monitoring approved leave start and end dates, protected leave used, and protected leave available.

8. During the 12 to 18 months following Workday implementation, Central HR should conduct a workload study for Central Leave Administration to determine whether staffing is sufficient for the unit.
9. Central HR should develop and implement Countywide programs based on best practices for onboarding, performance management, and training, including compliance training and supervisory training.
  - a. Program development should include determining how programs will be monitored for indicators of effectiveness, adverse impacts, participation, equitable access, and other relevant indicators.
    - i. Compliance training: Central HR and County Risk Management should partner to develop the compliance training program, including courses to be taught, frequency with which they should be taken, and other relevant factors.
    - ii. Central HR should document these programs in personnel rules, including delineating roles and responsibilities for Central HR and departmental HR units.
10. Central HR should work with the County Attorney's Office to implement a system for tracking accommodations and their status to provide:
  - a. A resource for determining accommodations to try; this could be similar to the Job Accommodation Network, but tailored to the County.
  - b. Data to assess the accommodations process for bias, such as bias against individuals with mental disabilities compared to those with physical disabilities.
11. Central HR should update the personnel rule covering the ADA accommodations process to
  - a. Ensure it includes guidelines on following up with employees.
  - b. Clarify what documentation is needed for the process.
12. Central HR should work with the AdAPT Employee Resource Group to ensure that the ADA-related materials it produces are accessible to people with disabilities.
13. Central HR Labor Relations should work with the County Attorney's Office to update the accommodations flowchart to ensure it reflects all amendments to the ADA.
14. Central HR should ensure that education on the ADA and the reasonable accommodations process is part of required compliance training for employees.



15. To fairly and promptly resolve complaints at the lowest organizational level possible, HR should develop Countywide, detailed procedures that begin with the initiation of complaints, address mediation, and go through formal investigations.
16. To help ensure the *appearance of impartiality*, increase consistency, and reduce risk:
  - a. Formal investigations should be conducted centrally.
  - b. Managers and supervisors in DCJ should not conduct investigations.
  - c. Informal complaint resolution, which may include mediation, should be driven by central procedures but remain at the department level.
17. To improve information about workplace complaints, departments should track all complaints at a central level. When complaints cannot be resolved without a formal investigation, departments should hand them off to Central HR. Central HR should measure how long complaints take to complete, percentage of cases resolved informally, outcome of cases, and other metrics.
18. To reduce risk, HR should require certification for those handling formal investigations and mediation cases.

## Objectives, Scope, & Methodology

The objectives of this audit were to:

- Identify any barriers to the human resource system becoming a strategic HR system.
- Determine the extent to which the County provides employees across departments with consistent HR services.
- Determine the extent to which County HR units manage requests for accommodations under the Americans with Disabilities Act consistently with one another and in compliance with legal requirements.
- Determine whether employee complaint investigative processes are effective and consistent across departments.

To accomplish these objectives we:

- Studied personnel rules and bargaining unit contracts.
- Interviewed central and department HR managers and staff, as well as staff in the County Attorney's Office and Risk Management.
- Analyzed budgets and other financial information.
- Researched HR literature as well as other jurisdictions' HR practices and audit reports.
- Reviewed Central HR Project Management Unit reports.
- Examined the County strategic framework and departments' strategic plans.
- Analyzed the County's new hire turnover rate for fiscal years 2014 through 2016.
- Inspected how all departments maintained their personnel files.
- Obtained internal training records for all County employees for fiscal years 2014 through May 2017 and specifically looked at HR personnel, supervisor, and manager training.
- Analyzed the movement of County employees within and among cost centers from fiscal year 2012 through February 2017.
- Tested procurement card transactions from Central HR.

For this audit, we analyzed financial data for fiscal years 2014 through 2016 and HR data for fiscal years 2012 through part of 2017 from SAP, the County's enterprise resource planning system. Based on the annual review of SAP datasets by the County's external auditor, our office has determined that the data were sufficiently reliable for the purposes of this report.

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

## Audit Staff

Craig Hunt, Principal Auditor

Jennifer McGuirk, Senior Management Auditor

## Response to Audit

November 30, 2017

TO: Auditor Steve March

FROM: Marissa Madrigal, COO and DCM Department Director

RE: Response to Human Resources System Audit

Dear Auditor March:

Thank you for your careful and considered audit of the county's human resources system. We welcome opportunities to improve our systems and services to Multnomah County and its employees. We appreciate the time your staff took to review our systems and would like to take this opportunity to respond to your audit report.

This report offers abundant evidence of why we must proceed with our current efforts to examine and potentially restructure the County's decentralized Human Resources operations. Your research shows how bifurcated lines of authority, department silos and data gaps often impede the adoption and implementation of human resource policies and best practices promoted by Central HR as well as its strategic planning. Your recommendations align with our goals for the County's HR services to more effectively support job performance, employee retention, excellent management and a workplace free of harassment and discrimination.

As you know, the county is currently in the process of engaging with a consultant to perform a detailed review and analysis of the county's human resources policies and practices. After being open for public comment, leadership is in the process of finalizing the scope of the review, but at this time we anticipate it to include a review of the entire employment lifecycle (recruitment, hiring, retention, promotion, performance management, development up to termination), how the county trains and manages performance of its managers, the complaint and investigation process and our HR structure. This review will use an equity-focused and trauma-informed lens to identify where County policies and practices may support or further institutional racism and oppression and create unjust barriers to hiring, retention, development or promotion of employees in protected classes with a particular focus on our employees of color. Your audit is very timely as we believe it will be a valuable resource for the consultant as they provide the county with their recommendations.

Below is additional detail in response to your recommendations:

## **Strategic HR**

We agree that improving and automating how we handle routine and transactional processes will increase our ability to provide more strategic HR services. With the implementation of the county's new enterprise resource planning system (Workday) we anticipate realizing many efficiencies and improvements to our processes. These will include improvements to assure effective onboarding, performance management and leave administration. We will continue our work to align our practices with the overall strategy of the organization.

## **Evaluate Department Practices**

As new policies and practices are put into place we will continue to evaluate the effectiveness and adherence to those changes. The DCM Research and Evaluation Unit has been instrumental in our ability to hold managers accountable and evaluate whether changes we make to our systems have the desired effects.

## **Department HR Managers**

As our consultant reviews our system and structure, one aspect we will request they review is the strategic placement of our department HR Managers for optimal performance.

## **Tracking ADA Accommodations**

With the implementation of Workday we will have the ability to track accommodations. In addition, the Research and Evaluation Unit in partnership with the Office of Diversity and Equity and the AdAPT employee resource group are currently conducting an evaluation of the lived experiences of individuals with a disability at Multnomah County. We anticipate this review will provide additional recommendations to improve our accommodation process.

## **Complaints and Investigations**

We recently implemented an interim centralized process for complaints of discrimination and retaliation based on protected classes which now includes the involvement of the COO. We also agree that fairly and promptly resolving complaints at the lowest level is preferred and that doing everything we can to reduce bias and ensure impartiality is a best practice. Our processes and response to complaints is an area of particular focus for our upcoming consultant. The information provided in your audit will be very helpful as we make final decisions in this area.

Once again, we want to thank you for the recommendations and review of our HR systems and practices. Your findings are very thorough and we appreciate the recommendations you have made for process improvements.

Sincerely,



Marissa D. Madrigal  
Chief Operating Officer and DCM Department Director