

MINUTES OF THE MEETING OF THE  
CADDO PARISH COMMISSION'S  
AUDIT & FINANCE COMMITTEE  
HELD ON THE 14th DAY OF JUNE, 2021

The Caddo Parish Commission met in an Audit & Finance Committee Meeting, on the above date, at 2:00 p.m., in the Government Chambers Conference Room, with Mr. Atkins, Chairperson, presiding, and the following members in attendance constituting a quorum: Commissioners Atkins, Burrell, and Young (3). ABSENT: Commissioners Cawthorne and Johnson (2).

Mr. Burrell gave the invocation, and Mr. Young led the Commission in the Pledge of Allegiance.

**NEW BUSINESS**

The Chair welcomed everyone to the Committee and moved to the first New Business item, *Internal Audit of Human Resources*.

Mr. Atkins reminded the Committee that over the past few years, Postlethwaite & Netterville (P&N) has been auditing the various departments within the Caddo Commission organization.

An internal audit of the Caddo Parish Human Resources (HR) Department was conducted to assess applicable internal control processes, including compliance with relevant policies and procedures governed by the Parish and federal regulation, as applicable. The following areas were included in the scope: regulatory compliance related to employment eligibility verification, compensation adjustments and authorization, benefits administration, and disciplinary procedures. The scope period included in the audit was from July 1, 2020 to February 28, 2021.

To perform this audit, P&N obtained policies and procedures and other HR related documents, as applicable; performed interviews and process walkthroughs in March 2021 with HR personnel; performed testing, on a sample basis, to determine if Employee Eligibility Verification (I-9) forms were processed per Caddo Parish policies and U.S. Citizenship & Immigration Services (USCIS) regulations; performed testing, on a sample basis, to determine if pre-disciplinary conferences were documented and performed per Caddo Parish policies and procedures; and performed testing, on a sample basis, to determine if compensation and benefit adjustments were approved, documented, and processed per Caddo Parish policies and procedures.

Based on the procedures performed, five observations were identified. High and moderate priority risk ratings were assigned. Two observations were assigned with a priority risk rating of high: User Access and Regulatory Compliance—Employee Eligibility Verifications (I-9s). Three observations were assigned with a priority risk rating of moderate: Disciplinary Procedures, Compensations Adjustments & Authorization, and Policies & Procedures.

**User Access**

Based on evaluation of system access within New World, the Parish's payroll system, a lack of segregation of duties was identified. All employees in HR had system access to modify every employees' system of record within New World, including their own compensation. Also, HR personnel had access to modify their own personnel files within Databank. A review of modifications made to HR personnel's compensation, benefits, or personnel files was not performed by an independent Caddo Parish employee who did not have access to modify the information being reviewed. Additionally, New World system access was not aligned to the roles and responsibilities of HR personnel. For instance, personnel with review responsibilities over information related to payroll or benefits, were able to modify that information under their review. Please note, that the internal audit procedures did not identify any instances of inappropriate modifications to payroll or benefits information.

If system access is not restricted for HR personnel, an increased risk may exist for the following occurrences: HR personnel could inappropriately modify their compensation rate, benefits, or personnel files; and HR personnel may bypass the segregated processes in place, which are external of the system. If an independent review of changes made to HR personnel's information does not occur, it may increase the risk of HR employees receiving inappropriate compensation or benefit deductions.

The Caddo HR Department relied upon the established system and processes to prevent inappropriate actions made to HR personnel's payroll or benefit information. The capabilities or lack of capability in the New World system were not fully implemented or addressed to restrict user access of parties to only their necessary functions. A period system access review was not performed or required to be performed by HR.

P&N recommends that management should consider performing a review of the current access privileges within each system and make any necessary restrictions. During this review, management should determine if system access could be updated to restrict HR personnel from modifying their own payroll or benefits information in the New World system and from accessing their personnel files in the Databank system. Additionally, management should consider restricting user access to prevent HR

personnel with the ability to modify information for which they are responsible for review. If system access is not able to be restricted, management should consider performing periodic reviews of modifications made to payroll and benefits information, through reports such as system audit logs, to determine if the changes were appropriate based on supporting documentation. Further, these reviews should be performed by an employee who does not have access to modify the information in the system.

Mrs. Cheryl McGee, Director of HR, responded with HR consists of five employees who perform all HR functions for 500 employees. Given the small number of employees, it is difficult to limit access to the New World system. Additionally, the New World system does not have the ability to restrict an employee from modifying a change to their own payroll record or benefits. To mitigate the risk related to this issue, the Director of HR, who does not have access to edit information in New World system, performs a review, each payroll, of payroll modifications to identify instances of inappropriate modifications. The HR Director will now document the review with a signature and date of the review. Also, beginning with the 2021 year, the Department of Finance will perform an annual review of payroll modifications to determine if any modifications appear irregular or unusual. Any changes related to HR personnel will be reviewed by the HR Director to ensure the change was not made by the HR employee who is affected by the change. If the change is related to the HR Director, the change will be reviewed by the Assistant Parish Administrator. The estimated completion date is December 31, 2021.

#### **Regulatory Compliance—Employee Eligibility Verifications (I-9s)**

P&N made the following observations during its audit on the Parish HR Department. HR destroyed I-9 documentation once a year for all employees terminated three years prior. Due to this documentation only being destroyed once per year, I-9s were held for longer than the 3 year retention period as defined by USCIS regulation. It was explained that there was no periodic review of the I-9 documentation obtained to determine if I-9s were complete and accurate in accordance with USCIS recommended practices. Additionally, of the five sampled employees selected for testing, the following was identified: two instances in which the I-9 form was not properly completed relating to missing attestation checkboxes for citizenship and use of a translator. Note: during onsite procedures, HR was in the process of formalizing and implementing an annual process to review the I-9 forms. HR administered select processes on behalf of outside agencies such as the District Courts and District Attorney. The I-9 forms were completed by the outside agency representative, and copies of the forms were provided via email to HR for review and retention. Therefore, the original copies of the I-9 forms were not retained by the Parish HR Department, which was not considered compliant USCIS regulation. There were no internally documented policies and procedures related to the Employee Eligibility Verification process, including procedures over recertification.

If USCIS regulations for Employee Eligibility Verification are not followed, an increased risk may exist in the following areas: potential exposure for the Parish as additional files may be potentially subject to audit, non-compliance with established regulations, and fines or penalties due to non-compliance with USCIS regulations. If internal policies and procedures are not developed for the Employee Eligibility Verification process, an increased risk may exist in the following areas: incomplete or outdated procedures could result in inconsistent or inefficient processes; critical tasks may not be completed if policies and procedures are not defined, performed, and enforced in a consistent manner; and non-compliance with regulations.

Some of the root causes for these observations were that HR considered destruction of files once per year to be efficient considering the low quantity of I-9s required to be maintained and destroyed. Additionally, destruction of retained documents must be approved by the State Archives. Rather than conducting periodic reviews, HR relied upon the knowledge and experience of those charged with administering the Employee Eligibility Verification process. HR did not have a clear agreement with outside agencies over whom would be responsible for the I-9 documentation and did not consider USCIS regulations. HR relied upon USCIS guidelines and internal knowledge and experience with the completion and retention of I-9 documentation.

P&N recommends that management should consider filing each terminated employee's I-9 by month in addition to by year. To remain in compliance with USCIS regulations, management should retain I-9 forms for a period that is the later of three years after hire date; or one year after date of termination. As best practice, management should consider destroying I-9s after the retention period. Management should also continue with the implementation of a review of the I-9 forms and documentation maintained by HR. The documentation should be reviewed for accuracy and completion per the USCIS guidance and regulations. Management should also consider defining the responsibility over the completion and retention of the I-9 documentation. Additionally, management should consider only retaining the original copy of I-9 forms and should consider destroying documentation, including emails, that contain copies of I-9 information to comply with USCIS regulation. Management should also create policies and procedures over the Employee Eligibility Verification processes including who is responsible for completing the documentation, procedures for the documentation required to be obtained, the review process, and responsibilities for monitoring any changes in regulation and their impacts to the established processes and procedures. Further, a process should be established to communicate any policy or procedure updates to appropriate personnel and provide training to employees on these policies and procedures, as needed.

Mrs. McGee responded by saying management will develop a monthly filing system as recommended to destroy I-9 documentation in accordance with USCIS regulations. Prior to this audit, the

HR Director reviewed new hire on-boarding packets which include I-9 forms prior to the employee's first payroll. As indicated, an annual audit was developed following guidelines set forth in USCIS guidance and SHRM best practices and is in progress. Management has also redefined the responsibility over the completion and retention of I-9 documents which will allow for the outside agency to be responsible for the initial completion of the I-9 and then the original I-9s would be retained in HR, who will then ensure that documentation is destroyed in compliance with USCIS regulations. Management will also develop a written procedure of Employee Eligibility Verification & Recertification referencing guidelines of the USCIS Handbook for Employers and identify the personnel responsible for the procedures. Personnel will receive training on the Employee Eligibility Verification & Recertification procedure and provide updates as needed. The estimated completion date is August 31, 2021.

### **Disciplinary Procedures**

When a written reprimand or performance improvement plan was deemed necessary by an employee's supervisor, the supervisor updated the Performance Feedback Form at 30, 60, and 90 day intervals to document the employee's progress. This form was then provided to HR to maintain. However, the HR Department did not review the updated forms to monitor the employee's progress or follow-up with the department to ensure the 30, 60, and 90 day follow-ups were performed. Additionally, while the HR Department assisted supervisors and department heads in conducting performance evaluations or disciplinary procedures, formal training was not provided in this area.

If adequate monitoring does not occur related to employee performance, an increased risk may exist in the following areas: lack of oversight may increase the potential for an employee to receive an ineffective improvement plan and potential for the improvement plan to be ineffectively administered by the supervisor. If formal training is not provided to all supervisors or department heads responsible for performance evaluations, an increased risk may exist in the following areas: potential for reputational risk or exposure to legal concerns if personnel are not properly trained in performing disciplinary procedures; and there is a potential for non-compliance with established policies.

P&N recommends that management should consider reviewing the Performance Feedback Form when it is updated and provided to HR to determine if the improvement plan was followed and effective. If a plan is considered ineffective based on HR knowledge or experience, management should determine if the plan should be updated, or if the supervisor may need additional training to effectively implement future plans. Further, management should consider providing periodic training to any personnel responsible for administering performance evaluations or disciplinary procedures to Parish employees.

Mrs. McGee responded with the Performance Feedback Form is reviewed by the department head and HR Director to monitor an employee's improvement. Human Resources sends out reminders to supervisors regarding the required intervals for review and will verify Performance Feedback Forms are completed to ensure pending performance improvement plan reviews are processed. Human Resources will review and revise the personnel policy to clarify the procedures related to the Performance Feedback Form. Current policy does not mention forms in use. Performance management training for supervisors is provided on an as needed basis, however, management will require periodic performance management training for all personnel responsible for administering performance evaluations or disciplinary procedures to Parish employees. The estimated completion date is December 31, 2021.

### **Compensations Adjustments & Authorization**

Due to the manual nature of the compensation adjustments and authorization process, the following areas could be prone to errors or inefficiencies: It was explained that system changes to employee compensation occurred on the first day of the pay period following the effective date of the change. The HR Department was responsible for manually calculating the correct payroll amount for the dates between the effective date of the change and the last day of the pay period which was not automatically calculated by the New World system. The correct payroll amount would then be provided to Finance to process the payment. Also, documentation, including the Payroll Authorization Forms (PAFs), was physically signed and delivered to each employee, whom is charged with reviewing the compensation adjustment in the workflow, causing delays or process inefficiencies in completing the required documentation. Further, testing of compensation adjustments was performed and of the five (5) sampled employees selected for testing the following was identified: •Two (2) instances in which the employee's merit increase was not completed in a timely manner. These instances were identified and resolved via retro-active payment by the HR Department prior to the internal audit.

If the processes for compensation adjustment and authorization are exceedingly manual, then an increased risk may exist in the following areas: incorrect calculation of employee compensation when changes occur in between pay periods and delayed or missed compensation adjustments.

P&N recommends that management should consider evaluating the capabilities of the New World system to reduce the manual nature of activities within the process such as: The capability of automatically calculating changes in employee compensation in between pay periods upon effective date; the capability of uploading support documentation into the New World system to efficiently locate required documentation; and the capability of creating a workflow in the New World system to allow all necessary approvers the ability to electronically approve documentation and have the system action be automatically sent to the next approver. If the above capabilities cannot be implemented, management should consider

further emphasizing the existing controls for review and approval of PAFs. Additionally, management may also consider aligning the payroll periods with that of the hiring periods to prevent manual retroactive adjustments.

Mrs. McGee's response is that management is evaluating the capabilities of the New World system, specifically related to personnel actions and document management which will provide for: an electronic workflow allowing approvers the ability to electronically approve and forward to the next approver eliminating delays in processing, and uploading supporting documentation. The ability to calculate changes in employee compensation between pay periods upon effective date is not available in New World, therefore a revised process was implemented, in May 2021, where such pay changes start on the first day of the pay period in which the change became effective. This in conjunction with an electronic workflow will allow prompt and accurate processing of pay changes. The estimated date of completion is July 31, 2022.

#### **Policies & Procedures**

The Department maintained various personnel policies to be provided to all Caddo Parish personnel for review and certification. Additionally, the Parish of Caddo Department of Finance & Human Resources –Operational Policies and Procedures were maintained to govern the internal procedures performed by the HR department. These operational policies and procedures, which included the process over disciplinary procedures, compensation adjustments, and benefit administration were last updated or reviewed in April 2018. The following observations were identified for both the personnel and operational policies: outdated position titles such as the "Director of Human Resources and Finance" were included; the 'Coaching and Counseling' process within the Discipline and Termination section of the policies did not reflect current practices related to documentation and approval; the policies and procedures did not indicate procedures or employee eligibility for Dental, Vision, or the Flexible Spending Account (FSA) benefits; and the separate HR processes performed for outside agencies, such as the District Attorney or District Courts, were not documented.

If policies and procedures are not documented or updated, an increased risk may exist in the following areas: inconsistent or inefficient processes; critical tasks may not be completed if policies and procedures are not defined, performed and enforced in a consistent manner; lack of an approved and implemented policy may result in a lost opportunity for enforcing policy requirements; and non-compliance with the documented policies and procedures.

P&N recommended that management should consider updating the policies and procedures to reflect current practices as well as provide the documentation requirements including, but not limited to, the items identified within the stated observation. Additionally, management may consider further reviewing the policies to identify other instances in which the policy may be outdated or not reflective of current processes. Lastly, best practice dictates that policies and procedures should undergo at least an annual review; therefore, management should consider performing an annual review of the Parish of Caddo Department of Finance & Human Resources –Operational Policies and Procedures to ensure all information is current and accurate. Applicable training to employees should accompany any major updates to or creation of new policies and procedures.

Mrs. McGee responded with revisions to the personnel policy will be prepared for presentation to the Personnel Policy Committee in 2021. Items identified within the stated observation will be addressed in addition to other updates identified during review. Periodic reviews, no less than annually, will continue for policies and procedures. Applicable training to employees will accompany any major updates to or creation of new policies and procedures. It is our intent to regularly review and maintain updated policies and procedures, yet workload and manual processes hinder this process. To remedy this shortcoming, Human Resources will hire one temporary employee to assist in routine processes and request software to automate processes where feasible. This will enable HR staff to have additional time to conduct a more thorough review of their daily work and procedures and identify critical updates to both the personnel policies and 11 internal procedures. The estimated completion date is December 31, 2021.

The Committee then moved onto the next New Business item, *Internal Audit Status Update*.

The next auditable area will be Information Systems—Information Systems Security (Logical, Physical, Cyber), Disaster Recovery & Business Continuity Planning, and Remote Access. The audit will be conducted between July 2021-October 2021.

Answering a question from Mr. Atkins regarding the logical and physical aspects of the Information Systems security, Ms. Louise stated that will be driven by access to the server rooms, key cards, etc.

There being no further business, the Committee adjourned at 4:13 p.m.

  
Assistant Commission Clerk