Agenda Item #:

3EE-1

PALM BEACH COUNTY

BOARD of COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

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Meeting Date: **October 21, 2025**

[X] Consent [ ] Regular
[ ] Public Hearing

Department:
Submitted By: County Internal Auditor's Office

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I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to receive and file:

A. Audit report reviewed by the Audit Committee at its September 17, 2025 meeting as follows:

Report #2025-05 Human Resources Department – *Performance Management*

B. Audit Risk Assessment and Work Plan for FY 2026.

Summary: The County Code requires the County Internal Auditor to submit copies of final audit reports to the Board of County Commissioners (BCC) and the Internal Audit Committee. The County Code also requires the County Internal Auditor to submit an annual risk-based audit plan to the Internal Audit Committee for review and approval and submit to the BCC. At the September 17, 2025 meeting, the Internal Audit Committee reviewed the attached audit report and approved the work plan for FY 2026. We are submitting these reports to the BCC as required by the County Code. **Countywide** (DB)

Background and Justification: County Code Section 2-463(e)(3) requires the County Internal Auditor to submit copies of final audit reports to the BCC and the Internal Audit Committee. County Code Section 2-463(f) requires the County Internal Auditor to submit copies of these reports as well as the approved audit work plan to the BCC. At its meeting on September 17, 2025 the Internal Audit Committee reviewed the attached reports and approved the FY 2026 work plan. We are submitting these reports to the BCC as required by the County Code.

Attachments:

1. Final Audit Report - Human Resources Performance
2. Audit Risk Assessment and Work Plan for FY 2026

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Recommended by: ______________________ September 23, 2025
County Internal Auditor Date

Recommended by: ______________________ 10/9/25
County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2026	2027	2028	2029	2030
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income (County)					
In-Kind Match (County)					
NET FISCAL IMPACT	None				
# ADDITIONAL FTE					
POSITIONS (Cumulative)					

Is Item Included In Current Budget? **Yes** _____ **No** __X__
Does this item include the use of state funds? **Yes** _____ **No** __X__
Does this item include the use of federal funds? **Yes** _____ **No** __X__
Budget Account No.: **Fund** _____ **Agency** _____ **Org.** _________ **Object** ______
Program Number _________ **Revenue Source** _________

B. Recommended Sources of Funds/Summary of Fiscal Impact:

No fiscal impact

A. Department Fiscal Review:

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III. REVIEW COMMENTS:

A. OFMB Fiscal and/or Contract Administration Comments:

9/26/2025
Budget/OFMB 9/25
MD 9/25

9/26/25
Contract Administration
9.26.25

B. Legal Sufficiency:

9/29/25
Assistant County Attorney

C. Other Department Review:

____
Department Director

This summary is not to be used as a basis for payment.

Office of the County Internal Auditor
Audit Report
Report #2025-05
Issued August 21, 2025

INTERNAL AUDIT REPORT

HUMAN RESOURCES (HR) DEPARTMENT

PERFORMANCE MANAGEMENT AUDIT

TABLE OF CONTENTS

HUMAN RESOURCES DEPARTMENT
PERFORMANCE MANAGEMENT AUDIT
REPORT #2025-05

AUDIT OBJECTIVES AND CONCLUSIONS

We performed the audit to answer the following objective:

Did the Human Resources Department Director ensure procedures were in place to promote an effective and efficient recruitment and selection process in accordance with County/Departmental policies and Merit Rules during the period of May 1, 2024, through October 31, 2024?

As to the audit objective above, we concluded:

Except for the findings and recommendations below, the Human Resources Department Director did ensure procedures were in place to promote an effective and efficient recruitment and selection process in accordance with County/Departmental policies and Merit Rules during the period of May 1, 2024, through October 31, 2024.

FINDINGS AND RECOMMENDATIONS

Finding #1 Job classifications and corresponding salary and wage levels are not periodically reviewed and updated

The County maintains approximately 847 unique job specifications (position descriptions). According to the Compensation and Records (C&R) Manager, job specifications should ideally be reviewed and updated at least once every five years.

Condition
A random sample of 24 job specifications was reviewed. Of these, 10 (42%) had not been updated in over five years. Refer to *Table 1* for a breakdown by years since last update.

Table 1
Job Specification Update Frequency

No. of Years Since Last Update	No. of Job Specifications	Percentage
Less than 5	14	58%
5-10 Years	3	13%
11-20 Years	5	21%
More than 20 Years	2	8%
TOTAL	**24**	**100%**

The C&R Manager stated that updates to job specifications and the corresponding salary and wage levels are generally reactive, occurring in response to department or administrative requests, or when a vacancy needs to be filled. C&R section management and staff indicated that job specifications for rarely filled positions are unlikely to be reviewed absent a specific request, potentially leaving them outdated for extended periods.

Effect
Outdated job specifications and pay rates can hinder recruitment efforts and reduce the quality of candidate pools. Potential risks include:

- Recruitment delays due to the need to revise outdated specifications before posting
- Misalignment between posted qualifications and actual job duties
- Decreased candidate interest or mismatched applicant pools
- Inconsistent hiring decisions due to unclear or outdated requirements

Cause
There are currently no procedures in place to ensure the periodic review and update of all job specifications and associated compensation levels. Updates occur primarily on an as-needed basis.

Criteria
Palm Beach County's Merit System Rules and Regulations, Rule 1 entitled "*Organization and Administration of the Merit System Rules and*

Regulations," under Section 1.6 entitled "*Human Resources Director*" states, "The Human Resources Director shall:

C. Develop, maintain, and amend a comprehensive classification plan that reflects, on a current basis, the duties and responsibilities of each position.

D. Administer the Pay Plan, including the periodic review of salary and wage levels as they affect County employment, and make recommendations for amendments to the Pay Plan as needed."

Recommendation:

1. The Department Director should ensure that all existing County job classifications and corresponding compensation levels are reviewed and updated to accurately reflect current duties and responsibilities. Additionally, a formal policy should be implemented to require periodic reviews (e.g., every five years) of all job classifications and pay levels, in accordance with PBC Merit Rules.

Management Comments and Our Evaluation

Management agrees with the recommendation and is drafting revisions to applicable policies. A full review is expected to be completed by Q2 FY2026.

Management's response addresses the recommendation appropriately. A clear commitment has been made to implement the policy revisions, though follow-up will be necessary to confirm a revised policy is finalized and periodic review procedures are operational.

Finding #2 Improvement needed to reduce errors and inconsistencies in application scoring

<u>Condition</u>

The Human Resources Department uses a manual, point-based scoring system to evaluate employment applications. HR Analysts assign points based on applicant responses to job-specific criteria, including required and preferred qualifications.

To assess the accuracy and consistency of this process, audit staff reviewed a sample of 20 employment applications. These were drawn from the five job advertisements selected earlier in the audit, with the four highest-scoring applicants from each posting included in the sample.

Each application was independently re-scored by audit staff and compared to the original score assigned by HR. Of the 20 applications reviewed, 2 (10%) contained scoring errors or inconsistencies.

Examples:

Example 1:
An applicant who documented experience with training, a preferred qualification in the job advertisement, was not awarded any points for that experience.

Example 2:
An applicant who did not explicitly indicate possession of a high school diploma or the required six months of supervisory experience was awarded points for both.

- The HR Analyst explained that the applicant's mention of "assisting in training new staff" was interpreted as equivalent to "leading others."
- Points were also awarded for high school graduation based on the assumption that college coursework implies a high school diploma.
- However, a different HR Analyst interviewed during the audit stated that points are only awarded for qualifications explicitly stated on the application.

In this case, if the applicant in fact did not meet the education or supervisory experience requirements, they should have been excluded from consideration, as these were minimum qualifications for the position.

Effect

- Qualified applicants may not be selected to interview if they are undervalued due to scoring errors.
- Conversely, unqualified applicants may advance in the selection process due to improper scoring.
- Inconsistencies in how qualifications are interpreted may lead to perceptions of unfairness in the recruitment process and could weaken consistent application of the Merit System principles.

Cause

- Manual scoring by HR Analysts introduces potential for human error and subjective interpretation.
- There are no formal, written scoring guidelines to ensure uniform application of standards.

- Supervisory reviews or quality control checks of scoring decisions are not routinely performed, increasing the risk of undetected errors or bias.

Criteria
Palm Beach County's Merit System Rules and Regulations, Rule 1 entitled "*Organization and Administration of the Merit System Rules and Regulations,*" under Section 1.1, entitled "*Purpose*" states, "It is the intent and policy of the Board of County Commissioners (Board) to provide a personnel management system consistent with the following:

- Recruiting, selecting, and advancing applicants on the basis of their relative education, training, and experience."

Recommendations:

2. The Department Director should ensure that formal, written scoring guidelines are developed and that staff are trained to apply these consistently during the evaluation of employment applications.
3. The Department Director should implement periodic supervisory reviews or spot checks of application scoring to confirm accuracy, fairness, and consistency across HR staff.

Management Comments and Our Evaluation

For recommendation #2, Management agrees that formal scoring guidelines should be updated and additional training provided to ensure consistent application during employment application evaluations.

For Recommendation #3, Management agrees to implement periodic supervisory reviews of application scoring after updated guidelines and training are in place.

Management's responses are appropriate and align with the recommendations. Follow-up review will verify that updated guidelines, training records, and supervisory review procedures are in place and functioning as intended.

Finding #3 Recruitment and Selection (R&S) hiring strategies need improvement

County departments initiate recruitment by submitting a New Employee Requisition (NER) through the Human Resources Information System (HRIS). During the six-month audit period, 713 NERs were submitted. The

Recruitment and Selection (R&S) section follows a standard process and timeline for advertising open positions:

- Job advertisements must be finalized by Tuesday at 5:00 PM to be posted on the County's website (PBC.gov) by Friday at 5:00 PM.
- Announcements are also posted in the HR Office and on departmental and division bulletin boards.

Condition

From the 713 NERs entered, a judgmental sample of 25 was selected to include various departments, positions, and months. Of these:

- 20 NERs (80%) were fully processed into job advertisements.
- 5 NERs (20%) were cancelled and later re-entered by departments.

For the 20 advertisements reviewed:

- 4 positions (20%) were initially posted as "open until filled."
- 9 positions (45%) were re-advertised to generate additional qualified applicants.

R&S staff indicated that no proactive or additional recruitment efforts were undertaken for these positions. This included no outreach or promotion to raise awareness of County employment benefits, particularly for hard-to-fill or specialized roles.

Effect

- Reliance on a single, standardized recruitment process for all roles may limit the applicant pool, particularly for positions requiring specific skills or credentials.
- Without proactive outreach and promotion, the County may struggle to attract qualified candidates, increasing the risk of losing them to other employers in competitive markets.
- Without tailored strategies, some departments may struggle to attract sufficient qualified applicants, leading to prolonged vacancies and operational delays.

Cause

According to R&S staff and the former section manager:

- Limited public engagement (e.g., job fairs or targeted outreach) was performed during the audit period.

- Job fairs were attended only if free and held during business hours, limiting participation.
- The department has not implemented alternative recruitment strategies (e.g., advertising on trade-specific platforms or professional networks) or evaluating the effectiveness of current methods.

Criteria

An audit performed by the United States Government Accountability Office (GAO) entitled, "*GAO-25-106527, FEDERAL WORKFORCE, Actions Needed to Improve Recruitment and Retention in Alaska, Hawaii, and U.S. Territories,*" dated October 2024, reported successes by the Selected Agencies included:

- Recruiting through university networks, attending job fairs, posting in social media, and presentations to the local community including churches, youth groups, and schools.
- Use of telework/remote work benefited recruitment and retention.
- Having personal ties to the mission of the agency and belief in public service.
- Promoting job stability and benefits offered.

The GAO provides guidance and standards that apply to federal, state, and local governments.

Recommendations:

4. The Department Director should develop and implement a strategic recruitment plan that includes periodic evaluation of current trends (e.g., digital platforms, candidate expectations, and new technologies) to ensure hiring strategies remain effective and up to date with best practices.

   Status: This recommendation is considered closed with the issuance of this report. During the course of the audit, the Department Director proactively developed and began implementing a strategic recruitment plan to include internal and external meetings, workshops, and collaboration. This timely action is commendable and reflects a strong commitment to improving recruitment effectiveness and aligning practices with industry standards.

5. The Department Director should ensure that Recruitment and Selection explores ways to improve the visibility and reach of job postings through enhanced outreach strategies, such as broader advertisement,

partnerships with local organizations, or targeted campaigns. As part of this effort, the department should consider benchmarking practices used by local municipalities or peer counties with more proactive or innovative recruitment approaches, if data is available.

Management Comments and Our Evaluation

Management agreed with Recommendation #4. The Department Director developed and began implementing a strategic recruitment plan during the course of the audit, including internal and external meetings, workshops, and collaborative initiatives. With this proactive action taken prior to report issuance, Recommendation #4 is considered closed with report issuance.

For Recommendation #5, HR expanded outreach through daily job postings, broader job fair participation (including paid, after-hours, and virtual events), and collaboration with Public Affairs on a unified recruitment brand. Additional initiatives include enhanced marketing and planning the first annual PBC Job Fair in Fall 2025.

Actions taken address the recommendations by expanding reach, diversifying recruitment methods, and aligning with best practices. Internal Audit considers these measures responsive to the findings and will verify sustained impact during follow-up.

Finding #4 No policy or procedures to collect, record, and analyze applicant reasons for declining an offered position

Condition

The Human Resources Department does not have policies or procedures in place to collect, record, or analyze:

- Reasons applicants decline job offers;
- Feedback from current employees (e.g., climate surveys); or
- Feedback from departing employees (e.g., exit interviews or surveys).

This information could be used to identify areas for improvement and strengthen recruitment and retention efforts.

Effect

Without collecting and analyzing feedback, HR is limited in its ability to:

- Monitor market and workforce trends affecting recruitment.
- Identify the root causes of unfilled vacancies.
- Recognize patterns that contribute to employee turnover.

- Address workplace concerns that affect morale and engagement.
- Make data-informed decisions that support retention and organizational health.

Missed opportunities to gather insights from departing and current employees can lead to prolonged vacancies, reduced employee satisfaction, and increased turnover.

Cause

HR has not established policies or procedures to systematically collect, record, and analyze feedback from:

- Applicants who decline a job offer.
- Current employees regarding their work environment.
- Departing employees who resign voluntarily.

Criteria

According to the Society for Human Resource Management (SHRM) article entitled *"How to Prevent Rejected Job Offers"* states:

- "Organizations losing candidates to a competitor's offer should do everything they can to determine why this is happening."
- "Candidates are vetting employers as much as companies are interviewing candidates."

An additional SHRM article entitled *"Making Exit Interview Work"* states:

- "The information collected in an exit interview can give a company a unique perspective on its performance and employee satisfaction. People who leave may be brutally honest about their experiences without fear of immediate repercussions. In addition, it's likely they have recently been job hunting and interviewing and can offer some useful intelligence on how the company compares with other employers."
- "The company should have a formal policy regarding exit interviewing," and that, "Exit interviews should be extended to all departing employees, not just key performers or long timers."
- "Exit interviews can reveal insights into workplace culture, management issues, training needs, and reasons for employee departures, allowing companies to make necessary adjustments."

A United States Equal Employment Opportunity Commission (EEOC) article entitled *"Tips on Employee Retention"* states:

- "Conducting Employee Opinion (climate) Surveys can help agencies assess the pulse of their workforce and make changes before staff decide to leave."

Recommendations:

6. The Department Director should begin collecting and recording, when feasible, the reason applicants decline job offers.

7. The Department Director should develop and implement policies and procedures to:
   - Analyze this information to identify trends and improvement areas.
   - Share relevant findings with department managers to assist decision-making and corrective actions at the operational level.

Management Comments and Our Evaluation

For Recommendation #6, management agrees to begin collecting and recording reasons applicants decline job offers. While response from applicants is variable, HR has implemented procedures to capture and track available information. These actions address the intent of the recommendation, and completion will be verified during follow-up.

For Recommendation #7, management agrees to develop policies and procedures and share relevant trends with department managers. These actions appropriately address the recommendation's intent, with effectiveness to be confirmed during follow-up.

Finding #5 Key Performance Indicators (KPIs) utilized for R&S do not measure performance

Condition

The Recruitment and Selection (R&S) section is responsible for several core functions including:

- Sourcing and processing candidates for open positions.
- Evaluating employment applications and referring qualified candidates to departments.
- Developing, administering, and evaluating legally defensible examinations.

Two Key Performance Indicators (KPIs) have been established for the R&S section:

1. Produce referral lists within 23 days of receipt of a New Employee Requisition (NER).
2. Source and rate 15,000 incoming employment applications.

While the first KPI reflects a time-bound operational goal, the second KPI is a count-based activity measure, not a performance measure. Specifically, it tracks the number of applications received and rated, but does not evaluate whether sourcing efforts increased the number of qualified applicants or improved candidate quality.

Furthermore, there are no KPIs that directly assess key outcomes such as outreach success, candidate quality, or overall effectiveness of sourcing strategies, despite sourcing being a stated function of the section.

Effect

When performance indicators do not clearly measure the effectiveness of key R&S functions, such as sourcing and application quality, management may be unable to determine whether recruitment strategies are achieving desired results. This can make it difficult to:

- Evaluate whether outreach efforts are generating strong applicant pools.
- Identify where adjustments or improvements are needed.
- Align resources with activities that drive better hiring outcomes.

The absence of meaningful, results-oriented KPIs may hinder the department's ability to meet organizational workforce needs, adapt to labor market conditions, and attract qualified candidates over time.

Cause

The HR department has not fully adopted the SMART goal framework: Specific, Measurable, Attainable, Relevant, and Time-bound, as recommended by the County's Office of Financial Management and Budget (OFMB) for developing effective KPIs.

Criteria

The Office of Financial Management and Budget (OFMB) Department's Division of Strategic Planning & Performance Management's guide entitled, *"FY 2023-2024 (and FY 2025) Strategic Planning & Performance Management Guide"* states:

- "Objectives should meet the SMART criteria (specific, measureable, attainable, realistic, and time oriented) to the extent possible."

- "Objectives should relate to the core responsibilities of the department and align with the Countywide Strategic Plan. Generally, there should be at least one performance measure for each objective. Performance measures are specific, quantitative and qualitative measures of work performed."

The Society for Human Resource Management (SHRM) website, under the Q&As section, a question entitled, *"Recruiting: What is Sourcing?"* states:

- "Sourcing is the proactive searching for qualified job candidates for current or planned open positions; it is not the reactive function of reviewing resumes and applications sent to the company in response to a job posting or pre-screening candidates."

Recommendations:

8. The Department Director should develop measurable (SMART) goals and objectives aligned with the primary functions and responsibilities of the R&S section.

9. The Department Director should conduct an annual review of R&S functions and ensure that KPIs remain aligned with core responsibilities, support continuous improvement, and provide meaningful performance insight, consistent with the OFMB's SMART criteria guidance.

Management Comments and Our Evaluation

For Recommendation #8, management agrees that the R&S section's KPIs should be updated to include measurable, SMART goals aligned with core responsibilities. HR is currently revising these KPIs, with implementation planned in the coming months. These actions address the intent of the recommendation, with effectiveness to be confirmed once the updated KPIs are in place.

For Recommendation #9, management agrees that periodic review of R&S KPIs is important to ensure they remain aligned with responsibilities and provide meaningful performance insight. While periodic reviews are currently conducted, they will be more effective once the revised KPIs are implemented. Completion and effectiveness will be evaluated during follow-up.

Finding #6 Enhancements needed in HRIS for processing new employee requisitions (NERs)

The Human Resource Information System (HRIS), as currently designed, does not allow departments to modify a New Employee Requisition (NER) after submission. Instead, departments must delete and re-enter the NER entirely to correct errors or make changes. Additionally, the system has no mechanism to distinguish between NERs actively being processed and those already completed or filled.

Condition
Of the 713 NERs entered into HRIS during the 6-month review period, a judgmental sample of 25 was selected across various departments and months. The sample was reviewed to trace the NER lifecycle from submission to job advertisement posting, with the goal of identifying inefficiencies.

Of the 25 NERs reviewed:

- Five (20%) had been deleted and re-entered due to errors, omissions, or needed changes (e.g., reclassification or job specification updates).
- The remaining 20 progressed to job postings as expected.

Separately, HRIS data showed 17,262 NERs listed as "in process," although the R&S section manager estimates only about 250 are actively being worked on at any given time.

Effect
Deleting and re-entering NERs increases staff workload and may delay recruitment timelines, particularly when corrections or updates are needed after initial submission.

The inability to track an NER's accurate status in HRIS impairs management's insight into recruitment activities, affecting workload monitoring, performance tracking, and resource planning.

Cause
HRIS was not initially designed with functionality to allow modifications to submitted NERs or to reflect accurate processing statuses (e.g., "in progress," "completed"). Additionally, some departments may be unaware that NERs cannot be modified once submitted.

Criteria
The United States Government Accountability Office (*GAO)'s* publication, dated September 2014, entitled *"Standards for Internal Controls in the Federal Government,"* under Principle 11 entitled, *"Design Activities for the*

Information System," under Design of the Entities Information System 11.03, states:

> "Management designs the entity's information system to obtain and process information to meet each operational process's information requirements and to respond to the entity's objectives and risks. An information system is the people, processes, data, and technology that management organizes to obtain, communicate, or dispose of information. Efficient operations do so in a manner that minimizes the waste of resources."

Recommendations:

10. The Department Director should coordinate with the Information Systems Services (ISS) Department to enhance HRIS functionality to:
    - Allow departments to edit and resubmit returned NERs, minimizing the need to delete and recreate entries.
    - Display accurate processing status (e.g., in-process, completed, or filled) to improve transparency and workload management.
    - Implement a notification within HRIS to remind departments to verify that job specifications are correct before submitting a New Employee Requisition (NER).

11. The Department Director should collaborate with ISS to prioritize and implement necessary HRIS updates to ensure the system continues to align with evolving business needs and supports operational efficiency.

Management Comments and Our Evaluation

For Recommendation #10, management agrees that enhancements to HRIS are needed to support operational efficiency. HR is actively partnering with ISS to implement these updates, with status tracking enhancements in final QA/testing.

For Recommendation #11, HR will continue collaborating with ISS to prioritize and implement system improvements as business needs evolve.

These actions address the intent of the recommendations, with completion and effectiveness to be confirmed post-implementation.

Finding #7 Recruitment & Selection Policies and Procedures Memoranda (PPMs) are outdated or unfinalized

Condition
The Recruitment and Selection (R&S) section currently operates without finalized and up-to-date departmental Policies and Procedures Memoranda (PPMs). Of the eight PPMs reviewed:

Two approved PPMs are outdated:

- PPM CW-P-004, Hiring Process, last revised in February 2018 (over seven years ago), no longer reflects current practices.

- PPM CW-P-003, Personnel Actions, last revised in November 2015 (almost 10 years ago), has not been reviewed for relevance or accuracy.

Six additional PPMs related to R&S were drafted by the former R&S manager but were never finalized or approved:

- HR-O-0XX, Advertising Budget & Payment of Invoices
- HR-O-0XX, Firefighting Hiring Procedures
- HR-O-0XX, Interview Questions
- HR-O-0XX, Job Announcements
- HR-O-0XX, NER Processing
- HR-O-0XX, Veterans' Preference

According to the current R&S Manager, staff are unaware of these draft PPMs.

Effect
Operating without current and finalized PPMs may result in inconsistencies between documented and actual procedures. This can lead to confusion among staff, inconsistent application of policies, and increased risk of noncompliance with countywide standards. Furthermore, the absence of up-to-date documentation weakens onboarding, training, and accountability efforts, and may hinder the ability to respond effectively to operational changes.

Cause
A formal process has not been established to ensure regular review and update of departmental PPMs (at least every five years, per policy). Additionally, turnover in leadership roles contributed to the delay in finalizing draft PPMs or updating existing ones.

Criteria
Countywide PPM CW-O-001 entitled, *"Policies and Procedures Memoranda (PPMs),"* under Policy, General states:

- "The County Administrator, all department directors, all division directors, and all heads of separate offices shall issue and maintain Policies and Procedure Memoranda (PPMs). These PPMs will be used to promulgate standard policies and procedures for all areas of operation under the control of the issuing department or office."
- "Department and office Directors are expected to ensure that their staff is aware of and comply with established policies and procedures."
- "PPMs shall be kept current, and department/office heads must review Countywide PPMs they are responsible for at least every five years."

The Committee of Sponsoring Organizations of the Treadway Commission (COSO), in its Executive Summary of "Internal Control over Financial Reporting – Guidance for Smaller Public Companies," emphasizes that:

- Documentation promotes consistency and compliance with expected practices.
- It supports training, internal communication, and internal control effectiveness.
- It serves as a reference point and audit evidence for management and oversight functions.

Recommendations:

12. The Department Director should ensure that:
    - The two outdated R&S PPMs are reviewed and updated to reflect current practices.
    - The six draft PPMs are finalized and approved, if appropriate.
    - All finalized R&S PPMs are communicated to staff and made readily accessible.

13. The Department Director should establish procedures requiring periodic review and updating of R&S PPMs, at minimum every five years, or whenever significant operational changes occur, in accordance with Countywide PPM CW-O-001.

Management Comments and Our Evaluation

For Recommendation #12, management agrees that the R&S PPMs should be current, finalized, and communicated to staff. Updates to the two *outdated PPMs and finalization of the six draft PPMs are in progress and scheduled for completion in Q3 2026.*

For Recommendation #13, management agrees that periodic review of PPMs is necessary. Once updated, a regular review schedule will be established in accordance with Countywide PPM CW-O-001.

These actions address the intent of the recommendations, with completion and effectiveness to be verified after implementation.

OPERATIONAL STRENGTHS

The newly appointed Human Resources Director and the newly appointed Recruitment & Selection Manager have shown a strong commitment to continuous improvement and responsiveness to feedback. Both leaders indicated that several of the auditor's suggestions are already in the process of being implemented. In addition, current HR leadership is proactively exploring innovative strategies to enhance recruitment practices, expand community outreach, and strengthen the department's ability to attract and retain qualified talent.

BACKGROUND

The mission of the Human Resources (HR) Department is to support County departments in meeting their service delivery responsibilities by hiring the most qualified employees, retaining valued staff through effective leadership, maintaining competitive wages and benefits, promoting productive labor-management relations, providing training and development opportunities, and fostering a safe, inclusive, and discrimination-free work environment. The department has an annual budget of $4.78 million and does not generate revenue.

This audit was included in the 2023 Audit Plan based on several risk factors, including the length of time since the last audit, results of prior audits, and feedback from county departments citing challenges in filling vacant positions. The audit was subsequently carried forward into the 2024 plan.

The County's Human Resources Department is organized into six functional sections:

- Administration
- Compensation & Records
- Employee Relations

- Fair Employment Programs
- Recruitment & Selection
- Learning & Organizational Development

While the audit primarily focused on processes within the Recruitment & Selection (R&S) section, relevant information was also obtained from the Fair Employment Programs (FEP) and Compensation & Records (C&R) sections due to their involvement with compensation, position descriptions, and processing New Employee Requisitions (NERs), functions that directly support recruitment and selection.

The Recruitment & Selection section has approximately 14 staff, and primarily serves county departments by advertising county job vacancies and hiring qualified employees in a timely manner.

Planning for the audit commenced September 2024, with Fieldwork conducted during February and March 2025.

Recruitment and selection services provided by the HR Department's R&S section include:

- Conducting job analyses, advertising county vacancies, evaluating applications, administering skills tests, and referring the most qualified candidates to departments for interviewing
- Preparing supervisors to conduct legally defensible and appropriate interviews
- Conducting reference checks on selected candidates and ensuring all hiring requirements are met, including scheduling pre-employment drug tests and physicals
- Conducting new employee on-boarding which covers benefits, County rules, regulations and conditions of employment.

The current HR Department Director and current Recruitment & Selection Manager started in their roles during the audit itself, which occurred after the audit period reviewed (May 1, 2024 – October 31, 2024).

AUDIT SCOPE AND METHODOLOGY - GENERAL

The scope of the audit covered activities related to the recruitment and selection process for the six-month period, May 1, 2024 – October 31, 2024. Our methodology included meeting with management and key personnel in Recruitment and Selection, Compensation and Records, and Fair Employment Programs sections to discuss the process for filling county job vacancies and to evaluate the internal controls in place. We reviewed the

County's Merit Rules, and county and departmental PPMs, as well as learned the duties performed by Human Resources department staff to gain a greater understanding of the department's functions.

To assess process efficiency, we traced a sample of New Employee Requisitions (NERs) through the recruitment and selection workflow. We also reviewed samples of employment applications received by the R&S section to evaluate the accuracy and timeliness of the application scoring process.

We evaluated advertising methods and recruitment techniques used to reach prospective applicants, including a review of job posting procedures, relevant departmental policies, and the application of current best practices and trends in recruitment. We also reviewed methods used to determine pay rates, and assessed their appropriateness in relation to the local labor market.

To analyze measures used to attract potential applicants and retain existing staff, we met with Recruitment and Selection section management and staff, and requested any data collected by HR from applicants who turn down an offered position. We also inquired if exit interview or resignation data is collected when existing staff leave the county to be used to facilitate improvements.

Further, we met with HR management to understand organizational goals, how expectations are communicated to staff, and how the department monitors and reports progress toward those goals. We reviewed performance reports related to recruitment and selection, as well as planning documents, key performance indicators, and tracking tools used to measure goal attainment. Lastly, we assessed whether management established SMART objectives to define and communicate desired outcomes for processing NERs and completing key recruitment and selection activities.

AUDIT METHODOLOGY – DETAIL BY AUDIT FINDING

Finding #1 To evaluate the currency of job specifications, we interviewed Compensation and Records staff to understand the update process and obtained a complete listing of current County job specifications. From this list, we selected a sample of 24 for review, assessing the time elapsed since each was last updated.

Finding #2 We interviewed Recruitment & Selection (R&S) staff to understand the application scoring process. For five previously selected job advertisements, we reviewed the four highest scoring applicants (20 total), re-performed the scoring, and compared our results to those assigned by R&S staff to assess accuracy and consistency.

Finding #3 We interviewed R&S staff to understand their advertising practices and compared them to current HR trends and best practices. We judgmentally selected 25 job advertisements across various departments and positions to assess whether each generated a sufficient pool of qualified applicants.

Finding #4 We interviewed staff across HR sections to determine whether information is gathered from applicants or employees who decline job offers, and whether such data is used to identify trends or opportunities for improvement.

Finding #5 We interviewed HR section leadership to assess established goals and objectives, reviewed key performance indicators (KPIs) for Recruitment & Selection, and evaluated whether they are SMART and aligned with R&S responsibilities.

Finding #6 We interviewed staff across key HR sections to understand the NER processing workflow. From a 6-month NER population, we judgmentally selected 25 entries and traced each through the system to assess approval controls and identify workflow inefficiencies.

Finding #7 We interviewed R&S section leadership and reviewed their PPMs to evaluate whether they include clear, measurable objectives that communicate performance expectations. We also referenced COSO guidance to assess alignment with internal control documentation standards.

MANAGEMENT AND AUDIT RESPONSIBILITIES

Management is responsible for establishing and maintaining effective internal controls to help ensure that appropriate goals and objectives are met; resources are used effectively, efficiently, and economically, and are safeguarded; laws and regulations are followed; and management and financial information is reliable and properly reported and retained.

Internal Audit is responsible for using professional judgment in establishing the scope and methodology of our work, determining the tests and procedures to perform, conducting the work, and reporting the results.

We conducted this performance audit in accordance with generally accepted government auditing standards. These 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.

David Zamora, CIA, CRMA, CFE, CGAP, CFI
County Internal Auditor
August 21, 2025

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To: David Zamora, County Internal Auditor

From: David Kahn, Human Resources Director

Date: August 7, 2025

Re: HR Response to Internal Audit Report #2025-05 for Human Resources (HR) Department, Performance Management Audit, Issued July 30, 2025

The following is a response to the Internal Audit for the Human Resources (HR) Department to ensure procedures were in place to promote an effective and efficient recruitment and selection process in accordance with County/Departmental policies and Merit Rules during the period of May 1, 2024 through October 31, 2024. As noted in the Internal Auditor's Report,

> "several of the auditor's suggestions are already in the process of being implemented. In addition, the current HR leadership is actively exploring innovative and creative strategies to enhance recruitment practices, improve community outreach, and strengthen the department's capacity to attract and retain qualified talent."

While there are enhancements to be made, the Department upholds a strong commitment to provide stellar service to the employees and residents of the County. There is dedication to continuous improvement and an increased focused on best practices.

Finding #1 – Job classifications and corresponding salary and wage levels are not being periodically reviewed and updated

Recommendation 1: The Department Director should ensure that all existing County job classifications and corresponding compensation levels are reviewed and updated to accurately reflect current duties and responsibilities. Additionally, a formal policy should be implemented to require periodic reviews (e.g., every five years) of all job classifications and pay levels, in accordance with PBC Merit Rules.

> *HR Response*: **In progress; expected completion – FYQ2/2026**
> HR agrees that all job classifications and compensation levels should be periodically reviewed and, if needed, updated. Revisions to current applicable policies are being drafted to address this recommendation.

Finding #2 – Improvement needed to reduce errors and inconsistencies in scoring employment applications

Recommendation 2. The Department Director should ensure that formal, written scoring guidelines are developed and that staff are trained to apply these consistently during the evaluation of employment applications.

> *HR Response*: **Agree; expected completion – FYQ1/2026**
> While formal scoring guidelines exist, HR agrees that there is an opportunity to update these guidelines and provide additional training to ensure they are being applied consistently.

Recommendation 3. The Department Director should implement periodic supervisory reviews or spot checks of application scoring to confirm accuracy, fairness, and consistency across HR staff.

> *HR Response*: **Agree; expected completion – FYQ1/2026**
> HR agrees that periodic supervisory reviews will be applied once the guidelines have been updated and training has been conducted.

Finding #3 – Recruitment and Selection (R&S) hiring strategies need improvement

Condition: The Recruitment and Selection (R&S) section follows a standard process and timeline for advertising open positions:

- Job advertisements must be finalized by Tuesday at 5:00 PM to be posted on the County's website (PBC.gov) by Friday at 5:00 PM.

> *HR Response*
> Since March 17, 2025, the recruitment team has been posting open positions every day of the week. The Tuesday deadline is no longer in place. This has been a contributing factor in the County's vacancy rate dropping from 10.8% to 9.3% since the beginning of the year.

Cause: Job fairs were attended only if free and held during business hours, limiting participation.

> *HR Response*: These practices are no longer in place. Since March 2025, the County has attended numerous job fairs, including those that involve a participation fee. And the County is attending fairs held outside of regular business hours, including at least two this past summer—one in the evening and the other on a Saturday.

Criteria: An audit performed by the United States Government Accountability Office entitled, "GAO-25-106527, FEDERAL WORKFORCE, Actions Needed to Improve Recruitment and Retention in Alaska, Hawaii, and U.S. Territories", dated October 2024, reported successes by the Selected Agencies included:

- Recruiting through university networks, attending job fairs, posting in social media, and presentations to the local community including churches, youth groups, and schools.
- Use of telework/remote work benefited recruitment and retention.
- Having personal ties to the mission of the agency and belief in public service.
- Promoting job stability and benefits offered

HR Response
The GOA's stated mission is to "support Congress in meeting its constitutional responsibilities, and help improve the performance and ensure the accountability of the federal government." The County does not fall under this purview as it is not a federal agency. As such, it is unclear as to why this source is being cited to dictate County policy.

Recommendation 4. The Department Director should develop and implement a strategic recruitment plan that includes periodic evaluation of current trends (e.g., digital platforms, candidate expectations, and new technologies) to ensure hiring strategies remain effective and up to date with best practices.

HR Response: **Completed**
As stated in the report, "This recommendation is considered closed with the issuance of this report. During the course of the audit, the Department Director proactively developed and began implementing a strategic recruitment plan to include internal and external meetings, workshops, and collaboration. This timely action is commendable and reflects a strong commitment to improving recruitment effectiveness and aligning practices with industry standards."

Recommendation 5. The Department Director should ensure that Recruitment and Selection explores ways to improve the visibility and reach of job postings through enhanced outreach strategies, such as broader advertisement, partnerships with local organizations, or targeted campaigns. As part of this effort, the department should consider benchmarking practices used by local municipalities or peer counties with more proactive or innovative recruitment approaches, if data is available.

HR Response: **In progress; expected completion – FYQ1/2026**
In the past three months, there has been a significant increase in outreach efforts. As a result, data indicates both an increased total number of applicants and an increased number of applicants sourced by alternative means. These outreach efforts include:

Job Fairs. Since the beginning of FY25 Q3, HR has participated in seven job fairs, including its first virtual job fair. Efforts include job fair backdrops with information on County benefits, handouts, and onsite tablets so candidates can submit an application at the job fair. HR is also conducting its first "pop-up" job fair booth in September. Early results from these efforts are positive; since April 2025, almost 200 applicants have indicated they found out about our jobs directly through job fairs. Additionally, multiple events are already on the calendar for the next fiscal year, and there are also ongoing efforts to conduct the first annual PBC job fair in Fall 2025.

Social Media. HR gained access to the PBC LinkedIn site in July 2025. This allows for targeted, strategic marketing campaigns with regular postings that promote career opportunities in the County. In just the first month, 190 applicants have indicated they discovered job opportunities through the County's LinkedIn job highlights. The engagement on the LinkedIn job highlights through likes, shares and comments regularly outpaces that of other social media posts.

Marketing. HR is working with Public Affairs and Channel 20 to significantly revise the current recruitment marketing campaign. The HR Team has already met with the County's Communications team to develop a consistent "brand" that will be utilized in videos (internal and external), position highlights, career development, and staff County-wide engagement.

Finding #4 – No policy or procedures to collect, record, and analyze applicant reasons for declining an offered position

Recommendation 6. The Department Director should begin collecting and recording, when possible, the reason applicants decline job offers.

HR Response: **Agree; expected completion – FYQ1/2026**
HR agrees that the reason applicants decline job offers should be collected and evaluated. Attempts are made to collect this information; however, most applicants do not respond to inquiries once they have submitted their decision. At the same time, greater efforts can be made to track the information that is submitted and increase efforts to obtain and track this feedback.

Recommendation 7. The Department Director should develop and implement policies and procedures to:
- Analyze this information to identify trends and improvement areas;
- Share relevant findings with department managers to assist decision making and corrective actions at the operational level.

HR Response: **Agree; expected completion – FYQ1/2026**
HR agrees that data trending is important and greater efforts can be made to collect this information. HR will be drafting exit and stay surveys to collect this information, assess for trends, and make recommendations to departments and County Administration.

Finding #5 – Key Performance Indicators (KPIs) utilized for R&S do not measure performance

Cause. The HR department has not fully adopted the SMART goal framework: Specific, Measurable, Achievable, Relevant, and Time-bound, as recommended by the County's Office of Financial Management and Budget (OFMB) for developing effective KPIs.

HR Response
While this may be accurate, Departments rely on OFMB to assist in the development of goals. As the current goals have been in place for some time, I would be interested in any recent documentation that has provided the HR Department guidance and/or constructive feedback to develop such SMART goals.

Recommendation 8. The Department Director should develop measurable (SMART) goals and objectives that align with R&S section primary functions and core responsibilities.

HR Response: **Agree; expected completion – FYQ2/2026**
HR agrees that the HR Department KPIs need to be updated. These efforts are underway and will be implemented in the coming months.

Recommendation 9. The Department Director should conduct an annual review of R&S functions and ensure that KPIs remain aligned with core responsibilities, support continuous improvement, and provide meaningful performance insight, consistent with the OFMB's SMART criteria guidance.

HR Response: **Completed**
HR agrees that a periodic review of HR's KPIs is important. This is currently conducted, but will be more meaningful once the new KPIs are in place.

Finding #6 – Enhancements needed in HRIS for processing new employee requisitions (NERs)

Criteria: The United States Government Accountability Office (GAO)'s publication, dated September 2014, entitled "Standards for Internal Controls in the Federal Government" under Principle 11 entitled, "Design Activities for the Information System," under Design of the Entities Information System 11.03, states: "Management designs the entity's information system to obtain and process information to meet each operational process's information requirements and to respond to the entity's objectives and risks. An information system is the people, processes, data, and technology that management organizes to obtain, communicate, or dispose of information. Efficient operations do so in a manner that minimizes the waste of resources."

HR Response
The GOA's stated mission is to "support Congress in meeting its constitutional responsibilities, and help improve the performance and ensure the accountability of the federal government." The County does not fall under this purview as it is not a federal agency. As such, it is unclear as to why this source is being cited to dictate County policy.

Recommendation 10. The Department Director should coordinate with the Information Systems Services (ISS) Department to enhance HRIS functionality to:

- Allow departments to edit and resubmit returned NERs, minimizing the need to delete and recreate entries;
- Display accurate processing status (e.g., in-process, completed, or filled) to improve transparency and workload management; and
- Implement a notification within HRIS to remind departments to verify that job specifications are correct before submitting a New Employee Requisition (NER).

HR Response: **In progress; expected completion – FYQ3/2026**
HR agrees that HRIS updates and enhanced functionalities are needed. Partnering with ISS to make these changes have been ongoing and will continue to be so. As for NERs, HR has partnered with ISS to change the software to reflect accurate status; it is in final QA/testing and is expected to go-live within the next six weeks.

Recommendation 11. The Department Director should collaborate with ISS to prioritize and implement necessary HRIS updates to ensure the system continues to align with evolving business needs and supports operational efficiency.

HR Response: **In progress; as the recommendation is vague as to the "necessary HRIS updates", this will remain an ongoing effort**
HR agrees that HRIS updates are needed. HR has been partnering with ISS to make these changes on an ongoing basis, and will continue to do so as opportunities and issues arise.

Finding #7 - Recruitment & Selection Policies and Procedures Memoranda (PPMs) are outdated or unfinalized

Recommendation 12. The Department Director should ensure that:

- The two outdated R&S PPMs are reviewed and updated to reflect current practices.

- The six draft PPMs are finalized and approved if appropriate.
- All finalized R&S PPMs are communicated to staff and made readily accessible.

  HR Response: **Agree; expected completion – FYQ3/2026**
  HR agrees that the PPMs need to be up to date and communicated to staff. This is being delayed to Q3 2026 so the revised PPMs reflect the functionalities of the new applicant tracking system.

Recommendation 13. The Department Director should establish procedures requiring periodic review and updating of R&S PPMs, at minimum every five years, or whenever significant operational changes occur, in accordance with Countywide PPM CW-O-001.

HR Response: **Agree; expected completion – FYQ3/2026**
HR agrees on the need for periodic review of policies and procedures. Once the PPMS have been reviewed and, if needed, updated, a regular review will be scheduled. This is being delayed to Q3 2026 so the revised PPMs reflect the functionalities of the new applicant tracking system.

In conclusion, the Human Resources Department would like to thank the Internal Auditor's team for their thorough and timely review of the County's recruitment and selection processes. As stated, many of these recommendations have been implemented or are in the process of being implemented. Additionally, the Human Resources team is fervently seeking opportunities to grow and develop—researching the needs of our internal and external customers, studying best practices, and identifying industry/technological trends. With the intent of being a premier Human Resources Department, the recommendations within the Internal Audit report are a constructive step towards this goal.

Proposed Audit Work Program
FY 2026

Approach to Developing the Audit Plan

The proposed audit work program is developed using three primary components:

1. Auditable Units
2. Annual Risk Assessment
3. Availability of Audit Resources

Auditable Units

For Palm Beach County, each department is recognized as the primary auditable unit. This high-level focus allows us to identify major risks at a macro level. Once an audit is selected, the scope is narrowed to a division, section, or program using an engagement-level risk assessment. Specific audit focus is determined based on the results of that deeper analysis.

Annual Risk Assessment

The risk assessment incorporates three key elements: management input, financial factors, and audit input.

<u>Management Input</u> – Department directors provided their assessment of risks in five major operating areas:

- Public Interaction
- Information Technology
- Operational Complexity
- Compliance Requirements
- Management Changes

Directors also identified their top objectives critical to departmental success.

<u>Financial Factors</u> – Information from the County's accounting system was analyzed, including operating expenses, operating revenues, grants, capital spending, personnel costs, and charges for services.

Audit Input – Internal Audit evaluated each department based on:

- Date of the most recent audit engagement
- Internal control processes and management capabilities
- Observations of control environment effectiveness in prior audits
- Significant risks, opportunities, and results of prior engagements

Additional feedback was solicited from County Commissioners, Assistant County Administrators, and the County Administrator.

The results from all three elements are combined into a numerical risk score for each auditable unit. This score guides the prioritization of audits for the upcoming year.

Availability of Resources

The ability to execute the audit plan depends on available staff resources. For FY 2026, the Internal Audit Office staffing is as follows:

- Four (4) Senior Auditors (one Senior Auditor retirement October, 2025)
- Two (2) Auditor IIs
- One (1) vacant Staff Auditor position

Audit engagements are assigned either to an individual Auditor or to a team, depending on scope and complexity. The team approach allows for knowledge transfer and professional development by pairing junior auditors with experienced staff.

In addition to audit assignments, staff also conduct follow-up reviews, attend external training, support research projects, and perform other administrative responsibilities essential to audit operations.

Status of Projects Carried Over

FY 2024	
Project Title	**Status**
Community Services	Planning
Water Utilities	Deferred
FY 2025	
County Wide – PII Security	Planning
Palm Tran	Preliminary Planning

The Water Utilities audit, (FY 2024) has been deferred due to limited audit resources, as priority was given to the emerging risks PII security, and the Board-directed DEI compliance audit. This project will resume as auditors become available.

Proposed FY 2026 Project List

FY	Projects Carried Over	Risk
2024	Community Services	High
2024	Water Utilities	High
2025	County Wide – PII Security	High
2025	Palm Tran	High

New Projects for FY 2026	
County Wide – DEI Compliance	High
Purchasing	High
Tourist Development	Medium
Office of Equal Opportunity	Low

Risk-Based Prioritization and Rotational Coverage

In accordance with professional audit standards, the annual audit plan is developed using a risk-based approach to direct audit resources to the areas of greatest significance and exposure to the County. While Government Auditing Standards focus on engagement-level risk assessments, guidance from the Institute of Internal Auditors supports using an annual, risk-based process to set audit priorities, an approach we follow to meet the County's ordinance requirements.

Primary emphasis is placed on auditable units that receive the highest overall risk scores. Additional factors considered in selecting audit projects include:

- **Board-Directed Reviews** – Completion of BCC-mandated reviews of effectiveness and efficiency (Performance Management/business process audits).
- **Leadership Input** – Requests or priorities identified by the Board of County Commissioners and County management.
- **Rotational Coverage** – Selection of departments not currently high risk but due for periodic review, ensuring broad coverage and confirmation that risks remain well controlled.

This balanced approach ensures that the annual audit plan emphasizes high-risk areas while also fulfilling governance requirements, addressing leadership priorities, and maintaining appropriate rotational coverage across all County departments.