CITY AUDITOR'S OFFICE

Scottsdale Unified School District No. 48
Human Resources

March 8, 2023   AUDIT NO. 2311

[April 25, 2023: District added target completion date to Management Action Plan, Finding 3]

Prepared for:

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March 8, 2023

Honorable Mayor, City Council and Members of the SUSD Governing Board:

Enclosed is the audit report for *SUSD Human Resources*, pursuant to Intergovernmental Agreement (Contract No. 2021-23-COS-A1) between the Scottsdale Unified School District No. 48 and the City of Scottsdale. This audit was conducted to examine the District's human resources organizational functions, including its strategic and operational planning and staffing services.

Our audit identified that improvements to HR data reliability and availability could better inform the District's recruitment and retention strategies and allow for performance monitoring. Increased monitoring and oversight of some recruitment activities are also needed. As well, standardizing and streamlining procedures could help address workload pressures and allow the department to move towards its strategic goals.

If you need additional information or have any questions, please contact me at (480) 312-7851.

Sincerely,

Lai Cluff, CIA
Acting City Auditor

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TABLE OF CONTENTS

AUDIT HIGHLIGHTS

SUSD Human Resources

March 8, 2023   Audit No. 2311

BACKGROUND

The District's 2022 Strategic Plan included a strategic goal "to attract, hire, develop support and retain highly qualified, passionate and talented professionals."

The District's Human Resources (HR) department's responsibilities include recruiting and onboarding of employees as well as processing employee changes, maintaining compensation schedules, handling employee complaints and grievances, and supporting workflow processes for processing and reviewing these changes.

WHAT WE FOUND

Improved reliability and availability of data could better inform the District's retention strategies and performance monitoring.

More reliable District data can be leveraged to improve the effectiveness of retention initiatives.

- Increased employee turnover underscores the need to improve data gathering and analysis procedures to identify potential negative trends or workplace needs.
- HR has not met its goal of filling 90% of substitute needs, instead ranging from 67% to 86% over 18 recent months.

Recruiting effectiveness may be improved by monitoring recruitment progress and metrics, increasing HR oversight, and standardizing procedures.

- Standardizing recruitments, monitoring progress, and verifying recruitment activities performed outside the HR department can ensure documentation and task completion.
- The new hire salary placement should be better documented and more comprehensive to avoid inequities.

Process improvements are needed to alleviate workload pressures and help the department move towards its strategic goals.

- Personnel action request processing is not streamlined and lacks timeliness goals and written procedures.
- System access should be limited to necessary functions and removed in a timely manner.

WHAT WE RECOMMEND

We recommend the Human Resource department:

- Improve processes to evaluate reasons for separation, which could include adopting an electronic resignation form to capture key information. Also, consider increasing the substitute pool size.
- Develop and refine procedures, including establishing target completion timelines, to improve monitoring recruitment activities, calculating new teacher salary placement, and processing personnel action requests.
- Limit system access to necessary functions and current employees.

MANAGEMENT RESPONSE

The District agreed with the audit recommendations and outlined its current progress and ongoing plan for implementation.

BACKGROUND

The Scottsdale City Auditor's office performed this audit on behalf of the Scottsdale Unified School District No. 48 (District) through Intergovernmental Agreement (IGA), Contract No. 2021-023-COS-A1, approved by City Council and District Governing Board. The audit's objective is to examine the District's human resources organizational functions, including its strategic and operational planning and staffing services.

The District's 2022 Strategic Plan, developed with input from stakeholders, community members and students, included a strategic goal "*to attract, hire, develop, support and retain highly qualified, passionate and talented professionals.*" Our review focused on the Human Resources department's ability to help meet this goal and the processes that relate to recruiting, hiring, and retaining employees.

Human Resources responsibilities include recruiting and onboarding of employees, from posting and advertising positions, to determining initial salary, and creating the employee file. In addition, other responsibilities include processing employee changes such as promotions, demotions, transfers, pay changes, and terminations; maintaining compensation schedules for certified, classified and administrative staff; handling employee complaints and grievances; and supporting the establishment of workflow processes for the processing and review of employee changes.

Commitments - Strategic Goal #3

- Utilize robust recruiting and hiring strategies.
- Build differentiated professional experiences utilizing input from district staff.
- Create pathways for staff and students to pursue and advance careers in education.
- Support employee agency, innovation and retention by offering a superior compensation package in an environment where employees feel valued and enjoy contributing.
- Develop and implement mentorship programs for all District staff.

SOURCE: 2022 SUSD Strategic Plan

The department primarily uses the following three systems to manage onboarding and recruitment activities as well as process employee changes and store personnel information:

System/ Application	Description
Infinite Visions	The Human Resources module within the Enterprise Resource Planning (ERP) system stores employee information such as name, pay, and position. (The ERP also includes modules such as general ledger, accounts payable, and payroll.)
	The department makes changes to employee information based on approved and reviewed personnel action requests (PAR). PARs are electronically submitted by authorized District staff through the iVision web portal, then routed based on an approved workflow.
TalentEd	This system is used to manage job applications, performance evaluations and related records retention (e.g., certificates and fingerprint clearance cards).
Frontline	This system manages leave requests and substitute coverage. Teachers submit a leave request and indicate if a substitute is needed to fill their absence.

SOURCE: Auditor summary of HR-related system based on review of systems and personnel interviews.

Over the past year the department has experienced turnover in most human resource positions, including the Assistant Superintendent, Directors, Coordinators, and Specialists. Figure 1 shows the department's organization chart. Three Staffing Coordinators are each responsible for an employee group: certified, classified, and substitutes. Four HR Specialists are assigned roles related to various human resource functions, such as managing contractors, volunteers/chaperones, employee verification, and employee leave.

Figure 1. FY 2022/23 Human Resources organization chart.
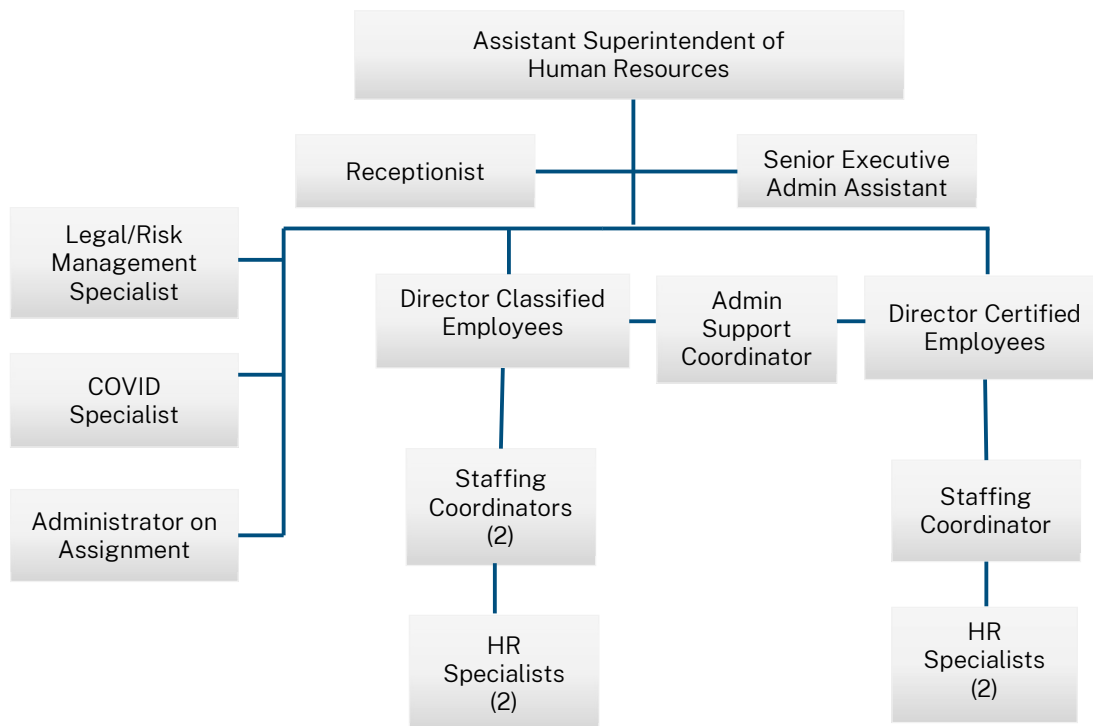
SOURCE: Auditor analysis of the Scottsdale Unified School District Human Resources organization chart as of January 2023.

Hiring Process

As part of the hiring and onboarding of new employees, the District requires applicants to provide documentation of their qualifications, ranging from transcripts, teaching certificates and fingerprint clearance cards, to recommendations from prior employers. The hiring process, summarized in Figure 2 for teaching staff, includes a documented quality review check to ensure all needed documents are obtained.

(continued on next page)

Figure 2. Hiring process for teaching staff.

Step 1	**Recruitment Posting** Responsible Party: HR Staff After receiving and approving a request for job posting from schools and departments, HR staff adds a job posting to the TalentEd recruitment site. TalentEd also sends the job posting to popular job search sites.
Step 2	**Applicant Screening** Responsible Party: HR Staff HR staff reviews new applications for disqualifying responses before routing to the hiring school/department for review.
Step 3	**Conducts Interviews and Recommendation to Hire** Responsible Party: Hiring school or department staff Selects interview committee and obtains signed confidentiality agreements; develops interview questions; schedules and conducts the interviews; performs reference checks; recommends candidate to hire; and submits a New Hire Personnel Action Request.
Step 4	**Background and Certification Check** Responsible Party: HR staff Conducts universal background check, verifies fingerprint clearance card, and certifications, as required by the position.
Step 5	**Salary and Job Offer** Responsible Party: HR staff Determines the hourly rate, daily rate, or pay grade, as applicable. Reviews job application and resume to verify work experience of the recommended candidates. Determines the benefit start date for applicable positions. Contacts the applicant with job offer, then issues the offer letter with job start date and salary information.
Step 6	**Orientation and New Hire Documents** Responsible Party: HR staff Schedules new hire orientation and performs on-site onboarding process. Candidate completes new hire documents and signs the employment contract.
Step 7	**HR Quality Control Review** Responsible Party: HR staff Performs a quality review of the file, updates a new employee profile in the system by adding information such as hire date and activates the employee profile.
Step 8	**Benefits and Payroll Quality Control Review** Responsible Party: Benefits, Payroll Reviews the employee record for accuracy including the start date of benefits. Benefits conducts the final review of the New Hire PAR.

SOURCE: Auditor analysis of District forms, letters and information provided by the HR department.

OBJECTIVES, SCOPE, AND METHODOLOGY

This audit of the Human Resources was completed pursuant to the City Council and Scottsdale Unified School District Governing Board-approved Intergovernmental Agreement, 2021-23-COS-A1. The audit objective was to examine the District's human resources organizational functions, including its strategic and operational planning and staffing services.

To gain an understanding about industry practices and potential risks relating to human resource functions, we reviewed recent similar audits conducted by other districts or governments and publications by industry organizations, such as the Society for Human Resource Management (SHRM) .

As well, to gain an understanding of the District's Human Resources processes and controls, auditors interviewed the Assistant Superintendent of Human Resources, HR Director, Certified Staffing Coordinator, Classified Staffing Coordinator, and the Substitute Staffing Coordinator. We also reviewed:

- The Governing Board-approved 2022 Strategic Plan and Key Performance Indicators.
- Governing Board policies and regulations relating to Personnel.
- HR department procedures and checklists.
- Employment manuals, agreements, and contract templates that provide additional details on personnel policies.
- 2018-22 Climate Survey Analysis of SUSD conducted by Hanover Research that included feedback from students, parents, staff, and community.

To assess the effectiveness of recruitment and hiring processes, we obtained data from the District's enterprise resource planning system (Visions) on employee positions, including hire and termination dates, and data on personnel action requests processed within the last two fiscal years. We were also provided access to the TalentEd system to view information on recruitments and new hire documentation, and to the Frontline system to view information on teacher absences and deployment of substitutes. While we tested the reliability of the data obtained from these systems, our review of IT controls was limited to reviewing access controls for the Visions HR and Payroll modules and TalentEd Records module, which house sensitive employee records.

To evaluate HR processes and key controls relating to recruitment and retention, we:

- Compared SUSD's career and recruitment website to those of five other nearby school districts.
- Analyzed the District's job postings, applications, and new hire personnel actions to evaluate timeliness and effectiveness of recruitment activities.
- Surveyed similar sized districts to obtain information on HR staffing levels and organizational structure.
- Analyzed new hire salary placement practices for certified employees.
- Analyzed personnel action request data to evaluate processing times and staff workload.
- Reviewed three judgmentally selected samples as follow:
  - 33 of 532 personnel files to evaluate the hiring process and the related necessary documents.

- o 10 of 508 terminations that took more than 14 days to process and reviewed for potential issues with timeliness.
    - o 10 of 173 terminations with a paycheck processed more than 21 days after the last day of work.
- Analyzed Frontline reports for substitute coverage from February 2022 through February 2023 to evaluate effectiveness and whether substitute pool is sufficient for demand.

Our audit identified that improvements to HR data reliability and availability could better inform the District's recruitment and retention strategies and allow for performance monitoring. Increased monitoring and oversight of some recruitment activities are also needed. As well, standardizing and streamlining procedures could help address workload pressures and allow the department to move towards its strategic goals.

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 work took place from October 2022 to February 2023.

FINDINGS AND ANALYSIS

1. **Improved reliability and availability of data could better inform the District's retention strategies and performance monitoring.**

   Through the adoption of the 2022 strategic plan, the District has placed significant importance on retaining and attracting highly qualified staff. District data such as employee turnover rates, employee exit surveys, and termination reasons can be leveraged to improve the effectiveness of retention initiatives. Further, data analysis can help to properly size the pool of substitutes to further assure classroom coverage.

   A. Measuring and tracking employee turnover can assist in evaluating the effectiveness of the District's retention strategies.

   Human Resources has not calculated turnover rates for evaluation but has reported on the number of resignations and retirements for certified and classified employees. Employee turnover rate is a recommended metric used to measure the effectiveness of an organization's retention strategies. Additionally, the turnover rate can be further analyzed by length of service, by departments or schools, voluntary or involuntary separation, and other criteria that may be deemed important to identify potential issues.

   > **Turnover rate**
   >
   > Rate at which employees enter and leave an organization during the year. A 100% turnover rate from year to year would mean that all of the employees left an organization.
   >
   > SOURCE: Society for Human Resource Management, Benchmarking HR Metrics

   Understanding the available data for analyzing turnover has been a challenge for the department. To help estimate turnover rates over the past four fiscal years, we used employee termination dates in employee profiles. While this method may capture minor inaccuracies because these fields are overwritten by the most recent date (should an employee leave and later be re-hired), these differences appeared to be minor.

   As shown in Table 1 below, the District has experienced an increased number of employee separations in FY 2021/22 resulting in the need to scale up its recruiting and onboarding activities. The FY 2021/22 employee turnover rate is about 20%, which is a significant increase from prior years.

Table 1. Districtwide turnover, 4-fiscal year trend.

	2018/19	2019/20	2020/21	2021/22
Total Employees	2,844	2,906	2,754	2,690
Turnover rate	13.6%	11.2%	13.5%	19.7%

SOURCE: Auditor analysis of turnover rates based on termination dates in Visions employee profiles as of November 2022 and Arizona Department of Education FTE Statistics report for FY2018/19 through FY 2021/22.

B. Exit surveys and termination reasons can help create effective or targeted retention initiatives.

District employees are required to submit a resignation letter or email to inform a manager or their supervisor of their last day of employment. After a termination PAR is submitted by the employee's school or department, an HR Coordinator starts processing the employee termination and requests the employee to complete an exit survey. HR staff use the resignation letter to code a termination reason in the Human Resources module.

- Termination codes provide little insight into reasons for voluntary separations – While the District has adopted a long list of termination codes, "Resigned – Unknown reason" is the most frequently used, as shown in Table 2.

Table 2. Top five termination reasons recorded.

Reason for Termination	Percentage
Resigned – Unknown reason	44%
Retire	12%
Resigned - Relocated	11%
Resigned – Transferred out of the District	7%
Resigned – Left the profession	4%

SOURCE: Auditor analysis of termination codes entered by HR in the Visions employee profiles, for the period of July 2021 through November 2022.

Also, the current code list does not include common reasons, such as leaving for better benefits, better pay, better promotional opportunities, conflict with coworkers, or dissatisfaction with management or leadership.

- Employee exit survey data had not been compiled and analyzed for potential trends. The department provided data for 171 exit surveys completed from November 2021 through July 2022 and survey summaries for prior years. Based on the most recent data, the top three reasons for resignations were: retirement (30%), moving out of the state or the area (16%), and leaving the education field due to personal reasons (15%). Survey summaries for the prior few years (2019-2021) indicated the same top reasons for leaving.

Results of the termination code and exit survey analyses are very different. Better data quality is needed to provide more reliable insight into retention issues that may be addressed. According to a national survey of educators, burnout is the top issue facing educators. This is often caused by unfilled job openings leading to more work for the remaining staff.[1] This survey observation reinforces the importance of effective recruitment and retention strategies.

C. Employee complaint and grievance data are not consistently recorded. Tracking this data, including timeliness of resolution, can help to identify and address work environment issues that may affect retention.

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[1] A survey conducted on behalf of the National Education Association of 3,621 non-retired members from January 14-24, 2022.

According to the District's Strategic Plan, they are committed to creating a work environment where employees feel valued and enjoy contributing. To support that commitment, a periodic analysis of employee complaint and grievance data can help proactively address systemic issues that eventually may impact the overall work environment.

Human Resources has developed informal investigation procedures and documents the related records in employee files. However, existing procedures can be enhanced by formalizing the processes for handling employee complaints and grievances from receipt, assessment, evaluation, and investigation to final disposition. And to maximize usefulness for retention purposes, the key data should be collected in a centralized database to allow categorizing the complaints to identify systemic employment issues that may exist at a school, office or leadership level.

> **Employee complaint or grievance**
>
> A formal complaint raised by an employee against a fellow employee or manager, or the employer. Grievances are usually for workplace harassment, discrimination, nepotism, concerns regarding team management or regarding terms of employment.
>
> SOURCE: Freshworks HR Glossary-Grievance

D. Analyzing absence and substitute data can help determine the patterns in type, locations, and number of substitutes needed to address teaching and support needs.

When a teacher is absent, a substitute instructor is needed for the classroom. In addition, certain other positions, including nurses and bus drivers, use substitutes. The District's absence management system, Frontline, allows employees to submit and approve leave requests, and it also lists the available positions so someone from the pre-approved substitute pool can fill the opening.

While the District has not adopted a formal substitute "fill" rate, HR staff noted that their goal is to fill 90% of the substitute requests. However, they acknowledge that the goal has not recently been met. As illustrated in Figure 3, on page 12, from August 2021 through January 2023, the fill rate for teacher absences has ranged from 67% to 86%.
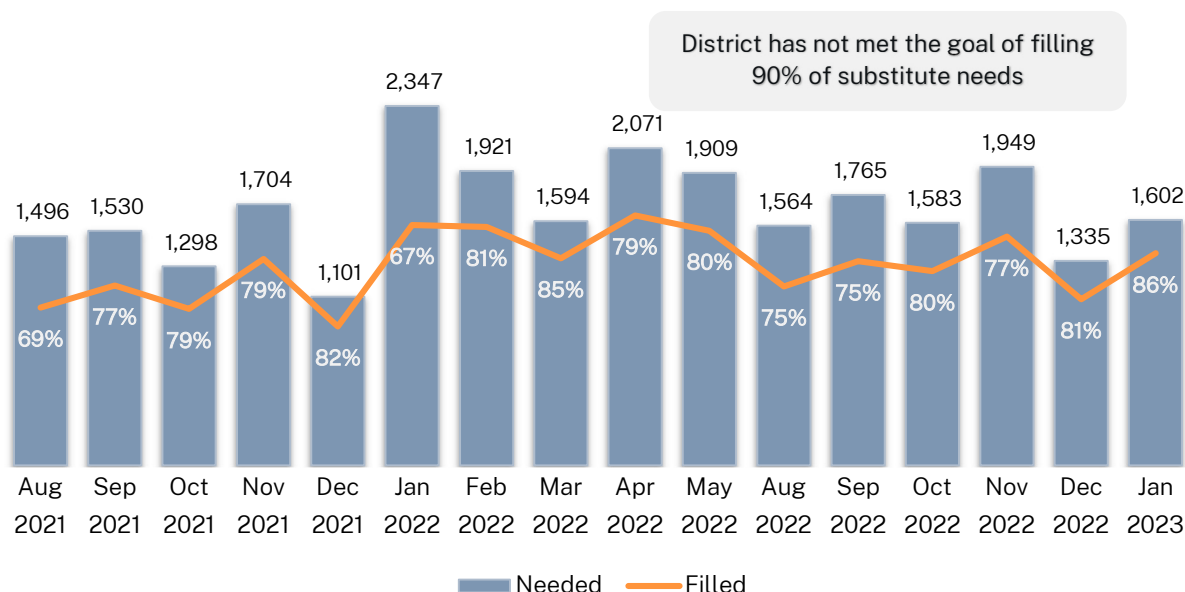
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Figure 3. Absences requiring a substitute teacher have not always been filled.

District has not met the goal of filling 90% of substitute needs

Legend: ■ Needed — Filled

Month	Needed	Filled
Aug 2021	1,496	69%
Sep 2021	1,530	77%
Oct 2021	1,298	79%
Nov 2021	1,704	79%
Dec 2021	1,101	82%
Jan 2022	2,347	67%
Feb 2022	1,921	81%
Mar 2022	1,594	85%
Apr 2022	2,071	79%
May 2022	1,909	80%
Aug 2022	1,564	75%
Sep 2022	1,765	75%
Oct 2022	1,583	80%
Nov 2022	1,949	77%
Dec 2022	1,335	81%
Jan 2023	1,602	86%

SOURCE: Auditor analysis of Frontline Absence Management reports from August 2021 through January 2023 obtained in February 2023. June and July summer break months were excluded.

In analyzing the absence and substitute use data, we found that most substitutes choose to work on a limited basis, on average less than 2 days a week, so a larger pool is needed. Further, the data analysis shows that while the District has increased its substitute pool since October 2022, the 90% goal has not yet been met. Data analysis can help the District determine when additional substitutes are needed in the pool and when a sufficient number is available. Also, more in-depth analysis can help identify the grades, subjects or locations where additional emphasis is needed to fill absences or where patterns in absenteeism may need to be addressed.

Recommendations:

The District Superintendent should direct Human Resources to:

A. Continue efforts to evaluate employee turnover, including calculating turnover for key positions and programs to finetune recruitment and retention strategies.

B. Refine termination codes to provide more meaningful separation reasons for analysis and use exit survey data to help identify potential retention issues. As well, consider adopting an electronic resignation form to capture key information systematically.

C. Evaluate methods to better manage employee complaints and grievances. A technology solution should document the receipt, assessment, investigation, and disposition of complaints. Aggregate complaint data should be used to analyze trends and help identify systemic employment issues that may exist.

D. Consider increasing the substitute pool to meet absence-fill goals. Further evaluate trends by grade, subject, or location to identify where additional need exists.

2. Recruiting effectiveness may be improved by monitoring recruitment progress and metrics, increasing HR oversight, and standardizing procedures.

At the beginning of February 2023, the District's website showed approximately 270 open job postings, which is comparable to much larger school districts. Adding monitoring processes, such as establishing target recruitment timelines and performance metrics, would help the District more effectively manage recruitments. As well, additional HR oversight of recruitment activities and standardized hiring procedures would help ensure recruitments are conducted equitably.

A. Target timelines for recruitment tasks, such as reviewing applications, scheduling interviews, and processing hiring requests, can improve their effectiveness. In a competitive job market, when the District is slow to respond or act, applicants will commit to other options.

- For the 270 currently open postings, there were more than 3,000 pending job applications, with half of them submitted 4 to 12 months ago. Establishing target timelines and creating exception reports based on the age and status of applications and job postings can assist HR staff in more effectively monitoring recruitments.

- Hiring processes are sometimes performed out of sequence, resulting in a greater risk of inappropriate hiring.

  - Hiring processes have been initiated before a PAR is submitted for approval – In a sample of 33 Personnel Action Request (PAR) for New Hires, we found 11 instances when HR initiated the hiring process before a Personnel Action Request was formally submitted by the school/department. While the hiring school or department may have informally notified HR of their selection, this is not documented in the personnel files.

  - Employment start dates sometimes occurred before the PAR's submission and approval – For the 17-month period between July 1, 2021 and November 28, 2022, we identified 88 New Hire PARs that were submitted after the employee's first day of work. These PARs were submitted, on average, about 20 days after employment started, and approval time averaged another 20 days.

  The PAR process serves as the opportunity for management reviews and approvals and also adds the employee to the HR system. Delayed processing of personnel actions may result in inappropriate hiring decisions or in late payment of employee wages. According to Payroll, when PARs are processed late, additional payroll runs and/or retroactive payments may have to be made.

B. Recruitment results may be improved by streamlining job postings for easier access – The District's job website contains duplicate job postings and potentially outdated postings. About 10 percent of the job postings were duplicated, which may cause some confusion for potential applicants.

Currently, potential applicants must search for jobs using key words or click through several pages of job postings. Simplifying job postings with a standard naming convention and/or creating separate views by position categories would improve the job seekers' experience. Comparatively, we observed that SUSD had a similar number, or more, job postings than some Valley districts twice its size. The number of job

postings does not equate to the number of vacancies, as some positions are continuously recruited due to high turnover, while others are for specific positions/locations or anticipated positions for the next school year. However, the current display increases the difficulty of using the site.

C. Performance metrics for the recruiting and hiring process cannot be easily or accurately developed because the information is inconsistently maintained.

Time to fill/Time to hire and *Recruiting yield ratios* are common HR metrics for efficiency and effectiveness. We reviewed the District's recruiting web application data and the HR personnel actions in Visions to develop and evaluate these metrics and any potential trends. However, several factors impacted the reliability of that data:

- There is not a systematic way to match job postings and positions or new hires in the HR module. Names can be imported from the recruiting system when creating a new employee profile in the HR module. However, we observed variations in the spelling or format indicating names are sometimes manually added. Also, hire dates were not entered and the application status was not consistently updated in the recruitment system for the successful applicants. As a result, developing data for these performance metrics would require significant detailed analysis.

> **Time-to-fill/Time-to-hire** – Represents the number of days from when the job requisition is opened until a candidate accepts an offer.
>
> **Recruiting yield ratio** – Used to show the efficiency of an organization's hiring process. Measures applicant-to-interview-offer and interview-to-job-offer yield ratios.
>
> SOURCE: Society for Human Resource Management, Benchmarking HR Metrics

- For some positions, HR created another generic job application for the successful applicant after their selection when the hiring process started. According to HR staff, this process was being used to keep the original job posting open. For example, if a bus driver applicant is hired, the applicant's file may show they were hired under a "Supplemental Classified" job posting instead. Although this was reportedly done to keep continuous hiring job postings open, other HR staff instead did not close the job posting when hiring an applicant. By later adding an application to a separate generic job posting, the application is apparently being submitted after the personnel action (hire) request and HR would be unable to accurately develop performance metrics.

D. Additional HR oversight is needed for the school and department level recruitment processes. The recruitment system allows the District to schedule interviews, document the results and selection recommendations, as well as log email correspondence and other recruitment notes. However, these functions were seldom used for recruitments during the past couple of years.

- Interview and selection – Since interview documentation is not required to be sent to HR, the HR department has very limited visibility into the interview and selection process and may not be adequately managing risks related to compliance with hiring regulations. As well, recruitment data does not reliably show when or if an applicant has been contacted for an interview and which applicants progressed in the selection process.

- Reference checks – Reference questionnaires are emailed through the recruitment system and, when returned, are reviewed by the hiring department/school. As part of the hiring process checklist, HR staff verify that references were completed. However, frequently, the hiring department/school did not record a rating to indicate they had reviewed the reference responses. When fewer than 2 or 3 references were recorded, HR staff indicated the rest may have been obtained by phone, and the phone reference form was not documented.

- Communication log – While offer letters are typically documented in personnel files, other communications are not consistently documented. The recruitment system maintains a log of emails sent through the system to the applicants, and it allows staff to add notes to the file. When an application is submitted in the system, a confirmation email is automatically generated. But HR must initiate emails to schedule interviews or notify the applicant that the position has been filled or closed. These communications have not been logged or documented, and as noted in Finding 2C, job postings may not be closed after someone is hired, which then leaves other applications in a pending status.

E. Newly hired employees with pending teaching certificates could be more clearly identified for follow-up.

In our file review of 15 newly hired certified employees, we observed that two had been noted as still pending verification of a teaching certificate from the Arizona Department of Education (ADE) at the time of hire.

- One employee was hired as a substitute teacher and later issued a teaching contract after certification was obtained. While we were able to find the certificate in the paper personnel files, it had not been uploaded to the Records system, where personnel records are now maintained. Within Records, the employee's files only showed that substitute teacher documentation requirements had been met.

- Another teacher was hired and issued a teaching contract while their certification application was pending with ADE. The certificate was issued about a month later. However, it is not apparent how this pending status was monitored. The certified teaching contract and related personnel actions report to the Governing Board were approved before certification was issued.

The department does not have formal procedures for monitoring pending certificate verifications. According to the District, it has observed delays in ADE's teacher certification processing times, and inconsistent handling could increase the risk that teacher certification is not fully verified.

F. More availability of public information and formalized procedures for establishing new hire salary placement can promote equity and transparency.

1. For recruiting purposes, the District website could better promote the availability of salary stipends and other incentives – Currently the SUSD salary schedules for certified and classified positions are shared on the website. However, many of the recruitment websites for nearby districts also provided, for Certified positions, information about available performance pay, stipends for National Board Certification, incentives for hard-to-fill positions, and other opportunities for higher pay.

Table 3. Comparison of recruitment website information.

| District | Recruitment website information | |
	Additional Pay [1]	Starting Salary Factors
Scottsdale Unified School District	N	Education Level and Steps
Chandler Unified School District	Y	Education Level and Experience
Kyrene Elementary School District	Y	Education Level and Experience
Tempe Union High School District	Y	Education Level and Steps
Paradise Valley Unified School District	Y	Not Provided
Gilbert Unified School District	N	Not Provided

[1] May include performance-based pay, hiring bonuses, stipends for National Board Certification, hard-to-fill positions, etc.

SOURCE: Auditor analysis of district career and recruitment websites, as of January 2023.

2. Salary schedule placement for new hires is informally handled – The District does not have written policies on how new teacher salaries are determined. The certified salary schedule is based on education level and steps, but the salary schedule states that steps do not equate to experience.[2] The HR staffing coordinator uses the application work history to determine the teacher's number of years of experience, then searches for existing teachers with the same years of experience. Randomly, three to four existing teachers are selected, and the salary step most common for those selected is applied to the new employee. Teachers for hard to fill positions (math, science, special needs) are moved up two additional steps. This methodology could further exacerbate any inequities that may exist in teacher salaries:

- Only a small number of existing comparison teachers are used to determine salary placement. Selecting a small group of teachers with similar experience may include outliers that would not result in equitable pay. Our review of the total years of experience and salary steps showed that while salaries generally increased with years of experience, some employees fall outside of the expected range. Analyzing all teachers with similar experience would provide a more representative result.

- When selecting the sample of three to four teachers for comparison, staff is relying on the "hire date" rather than using the "total years of experience" field. As a result, experience prior to employment with the District may not be included. Additionally, their salary analysis is not well documented as the comparison teachers are not identified and the results are written on a sticky note in the personnel file. However, our review also noted that system data for years of experience prior to District employment may potentially be missing for an estimated 15% of teachers and needs further review.

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[2] According to the department, the FY 2022/23 certified salary schedule starts at step 8 because when salary increases are approved, the schedule may shift up and lower steps would be deleted.

- There are no formal policies regarding higher step placement for hard-to-fill positions. In practice, we observed that two additional steps were typically being applied, which ranges from about $1,700 to $2,500, depending on the education level. New teachers with less than 1 year of experience appeared to be more consistently placed. However, experienced teachers ended up on a salary step with a much wider range of experience. For example, math, science and special needs teachers on Step 11 may have 1 to 23 years of experience. This may be an indication that the informal policy is not consistently applied, or that because these positions were not offered increased steps in the past, current inequity exists.

Recommendations:

The District Superintendent should direct Human Resources to:

A. Establish target timelines for recruitment tasks, such as reviewing applications, scheduling interviews, and processing hiring requests to better monitor recruitment progress.

B. Evaluate methods to standardize and streamline job postings to provide a better job applicant experience and help staff more easily manage recruitments.

C. Identify department performance measures and collect data that will assist in evaluating them. Formalize recruitment procedures to ensure more consistent handling.

D. Establish procedures to improve monitoring of recruitment activities performed by hiring schools and departments, including verifying that required interview and candidate selection procedures have been followed.

E. Establish procedures for tracking and monitoring pending certification of newly hired certified staff.

F. Promote additional pay or benefit incentives available to potential job applicants. Also, refine and formalize procedures for determining new teacher salary placement to improve transparency and equity, including correcting potential data errors and using more comprehensive data for analysis.

3. Process improvements are needed to alleviate workload pressures and help the department move towards its strategic goals.

Employee turnover has increased districtwide, increasing workload to the HR department, which has also seen high internal turnover. The department's ability to effectively manage this daily workload impacts its ability to help meet strategic goals. We found that personnel action requests were not being processed timely and could be improved through process workflow changes and clarified procedures. In particular, delays in processing terminations can result in increased risk to the District. Additionally, termination procedures relating to technology systems are needed, and further restriction of system access should be reviewed.

A. Processing of Personnel Action Requests significantly impacts the HR department workload. These PARs are necessary to create a position, transfer an employee to another position, hire a new employee and other important changes.

From August 2021 through August 2022, Human Resources staff processed about 7,500 PARs, completing about 5,400 after the requested effective date of the change. Processing delays were due to: a) school or offices submitting a PAR late or after the change was implemented; b) the department taking more than 14 days to process a request; or c) a combination of delays from schools, offices, and the HR department.

Figure 4. Human Resources workload and PAR processing time.
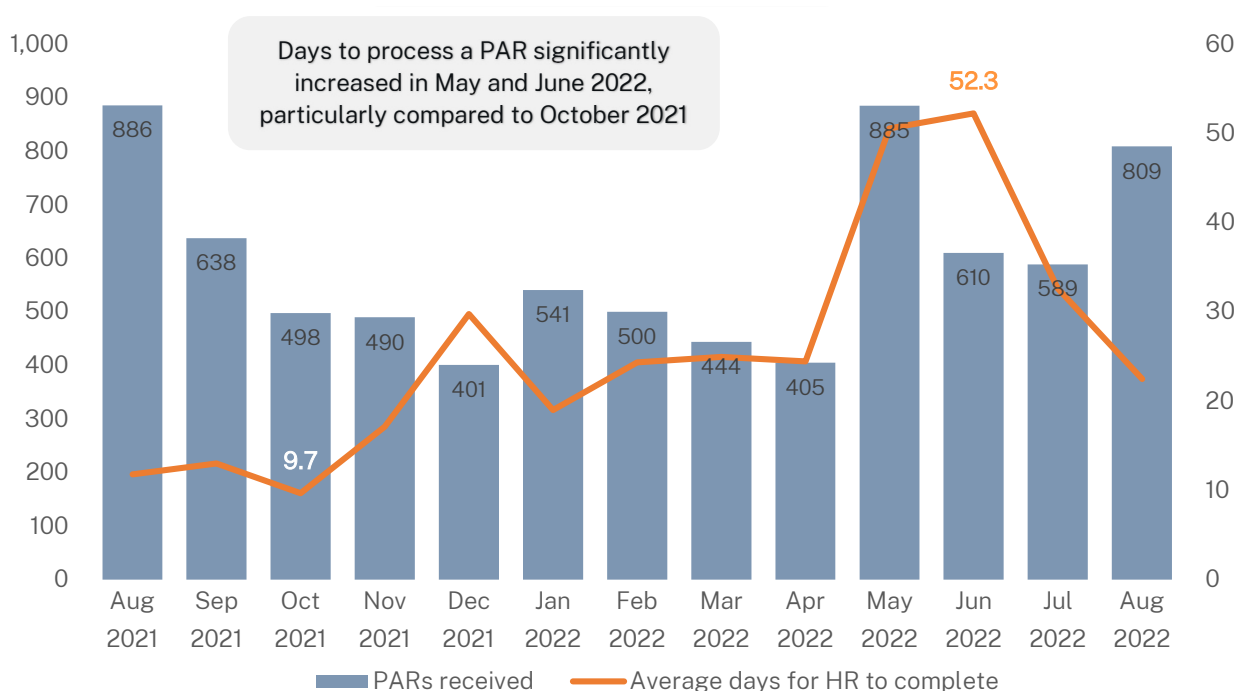
SOURCE: Auditor analysis of PAR data provided by the District in November 2022.

As shown in Figure 4, the number of days it took HR to complete processing a PAR significantly increased in May and June 2022. HR representatives explained that during the summer of 2022, the department was impacted by vacancies and then having new staff learning their processes. As well, the number of PARs relating to new positions and hiring increases during this time in preparation for the new school year.

Additional contributing factors that auditors identified include:

- PAR workflow for reviews and approvals – Some PARs are routed to as many as 13 individuals for review, approval or just to share information. The HR department is currently reviewing the existing PAR workflow to streamline the process.

- Lack of timeliness goals and monitoring – The department has not adopted a timeliness goal for processing PARs. Further, it does not have tracking or exception reports to monitor processing time or identify PARs with little or no action taken. Instead, currently throughout the day, HR staff manually filters information or reviews various system screens to determine how to prioritize their existing workload.

- Limited written guidance – Because the department has experienced turnover, its lack of written procedures hinders the staff's ability to efficiently process PARs. HR staff stated that having written procedures would have been helpful in learning the job and minimized the need to wait for an experienced staff member to provide verbal guidance. Also, as the staff noted, having written procedures would help ensure that all PARs are documented and processed in a similar manner.

B. More comprehensive termination procedures are needed to ensure employee terminations are processed timely.

Delay in submitting and processing terminations increases the risk of unauthorized access to District facilities and computer systems because access removal is driven by employee termination updates. Further, delays can result in payroll issues, such as overpayment of wages that later must be recovered or late payment of final paychecks, which may violate statutory requirements.

From July 1, 2021 through November 28, 2022 the Department processed about 600 terminations. On average, termination PARs were processed within 29.5 days from receipt. In total, 425 terminations were completed after the employee's last day of work. Of these, about 70% were completed more than 2 weeks after the termination date. These appear to be primarily caused by late notification of the employee termination by the employee and/or their supervisor, or delays in processing time by HR, and often a combination of both.

For 10 sampled terminations, the employees informed a manager or supervisor of their termination dates in a timely manner. Processing delays were, instead, caused by the school/department or HR. A review of 10 of 173 potential late payments revealed that two

A.R.S. § 23-353. Payment of wages to discharged employee; violation; classification

A. When an employee is discharged from the service of an employer, he shall be paid wages due him within seven working days or the end of the next regular pay period, whichever is sooner.

B. When an employee quits the service of an employer, he shall be paid in the usual manner all wages due to him no later than the regular pay period during which the termination occurred.

individuals received their final paychecks later than the statutorily established timeframe. One individual continued to be paid for 3 pay periods. Payroll confirmed the District was able to recover the approximately $3,400 overpayment. Recovery of overpayments causes additional work and may not always be successful.

Additionally, exit checklists for use by employee supervisors need to be expanded to include instructions such as verifying that badges and other District equipment have been collected and information technology has been notified.

C. User access to HR systems need to be restricted to only necessary functions and updated for terminations.

To ensure the confidentiality and integrity of systems and data, system access rights should be based on job responsibilities. As well, procedures are needed to ensure timely deactivation of system accounts and/or access upon termination of employment.

- In the TalentEd Records module, administrative access was granted to all HR users, including receptionists. Administrative access rights to view, add, delete, and change system information and configurations should be limited to the fewest individuals that is operationally feasible. Different security roles may be used to restrict access to confidential records.

- Within the Visions HR and Payroll modules multiple approval rights are assigned to some users, that in combination could potentially allow a user to bypass required approvals. The established workflow routing reduces this risk, but controls could be strengthened to prevent it.

- Within the Visions HR and Payroll modules, four terminated employees had not been removed. Additionally, within the TalentEd Records application, 99 former employees' access had not been removed. While an active network account is also needed for access to Visions and TalentEd, removing terminated users from all systems reduces the risk of unauthorized access. User access reports for other TalentEd modules were not available for this audit but should also be reviewed by the department and updated as needed.

> **Least Privilege**
>
> Control allowing only authorized accesses for users (or processes acting on behalf of users) that are necessary to accomplish assigned organizational tasks.
>
> **Separation of Duties**
>
> Refers to the principle that no user should be given enough privileges to misuse the system on their own and includes dividing mission or business functions and support functions among different individuals or roles.
>
> SOURCE: NIST Special Publication 800-192 and 800-53 Revision 5

Recommendations:

The District Superintendent should direct Human Resources to:

A. Formalize policies and procedures for processing Personnel Action Requests, establish timeliness guidelines by PAR type, monitor progress to help prioritize work, and evaluate ways to streamline the PAR review workflow.

B. Establish termination procedures, for both HR and schools/departments, to provide guidance and communicate expectations regarding timeliness. Specifically, more

comprehensive exit checklists should be created to ensure all steps have been completed timely.

C. Promptly deactivate user access to HR systems when they are no longer authorized and restrict system access to only necessary functions.

APPENDIX: Additional Information

A. Organizational structure of HR departments vary among districts. While the District's HR staffing is comparable to slightly smaller districts, its HR-to-employee ratio is higher than slightly larger districts.

Based on survey responses from other Arizona school districts of similar size, we grouped human resources by position titles to identify core-human resources positions and calculate an HR-to-employee ratio, which can be used to undertake benchmarking to compare with similar organizations. As shown in Table 4, on page 23, the District's HR-to-employee ratio of 0.70 is just below the average of the 5 similar districts. It's ratio is lower than the 3 smaller districts, but higher than the 2 larger ones.

> **HR-to-employee ratio**
>
> Provides a way to compare HR staffing levels among organizations and represents the number of HR staff per 100 employees supported by HR.
>
> SOURCE: Society for Human Resource Management, Benchmarking HR Metrics

The organizational structure of HR departments vary among surveyed districts. For example, SUSD and one other district reported placing Benefits within the Payroll department, while others located it within HR or as a separate department. Also, specific responsibilities within employee positions/roles may differ. Where SUSD HR specialists manage employee leave, tuition reimbursement, and other employee benefits, another district's Benefits staff may handle this. Additional factors can influence the HR-to-employee ratio beyond organizational structure, including business strategy, role of HR, budget and use of information technology. When evaluating organizational structure, segregation of duties between the payroll function and those authorizing salaries or payroll deductions should be taken into consideration.

Table 4. Comparison of SUSD HR positions and that of similar-sized districts.

	Sunnyside USD	Amphitheater USD	Vail USD	Scottsdale USD	Deer Valley USD	Peoria USD
Asst Supt., Director, Manager, Supervisor	2	1	3	3	3	4
HR coordinators, specialists, analysts, technicians, etc.	7	8.5	8	8	11	9
HR data tech/analyst	0	1.5	0	0	0	0
Clerical/Admin Support	4	2	3	3	3.5	2
Total HR FTE	13	13	14	14	17.5	15
Total district FTE	1,372	1,393	1,536	2,009	2,952	3,055
HR-to-employee Ratio	0.95	0.93	0.91	0.70	0.59	0.49

			Average HR-to-Employee Ratio (comparison districts)	0.78

Other HR positions reported

	Sunnyside USD	Amphitheater USD	Vail USD	Scottsdale USD	Deer Valley USD	Peoria USD
Risk/Legal	1	0	0	1	0	0
Benefits (directors, supervisors, specialists, coordinators, etc.)	4	3*	5	2*	0*	4
Other	0	0	0	1	5**	0

* SUSD's Benefits staff is within the Payroll department, not HR. Deer Valley USD also reported Benefits within Payroll but did not provide the number of FTE and Amphitheater USD reported Benefits as a separate department.

** Deer Valley USD reported Induction Mentors in the HR department while others did not.

SOURCE: Auditor analysis of survey responses received from districts of similar size. District Full-Time-Equivalent (FTE) employee numbers obtained from Arizona Department of Education *FY 2022/23 School District Employee Report* (SDER).

B. The HR department has adopted or is considering initiatives to support the District's recruitment and retention goals. Some of the actions reported by the department include:

- Pathways for employee advancement: In process. In addition to the existing school leadership career ladder, the goal is to develop opportunites for professional growth. Stakeholder groups participating in the initiative including representatives for Certified, Classified and Principal staff.

- Compensation: In process. The department has met with a strategic action group to review the process. The goal is to review salary placement as well as compensation for seniority.

- Mentoring program: Implemented. The department created a mentoring program to support new teachers. The ratio is one mentor per 15 teachers, the District currently has four identified mentors for this role with the goal to

provide structured guidance on standards such as classroom management and instruction, an enhacement from the basic student teaching experience.

- Grow your own program: Being considered. The program has been discussed with extended cabinet leaders and the Classified group as an opportunity to identify program candidates. Also, the District has held discussion around having their own teacher preparation program.

As illustrated by Figure 5, the District may chose to explore some commonly discussed retention strategies to address the current and projected need for additional educators.

(continued on next page)

Figure 5. Teacher recruitment and retention strategies recently discussed in literature.

Recruitment

1- Comprehensive educator preparation, Grow Your Own and apprenticeship programs:
Support high-retention pathways into teaching that provide a comprehensive preparation. Identify promising teacher candidates from local communities, including nontraditional candidates, career-changers, high school students, education, and support professionals.

2 - Teacher residency programs:
Different than a typical semester of student teaching experience, a Northern Arizona University initiative, with support from Arizona Department of Education, offers two years of in-classroom experience, a stipend, a master's degree, and job placement at a partnering district in exchange for a three-year job commitment.

Recruitment and Retention

3 - Comprehensive and attractive pay and benefits:
Offer compensation packages that are equitable across districts and competitive with other occupations that require a similar education.

4 - Improve working conditions:
Solutions included an increase of staffing levels to address teachers taking extra work due to staffing shortages and allowing duty-free breaks, restructuring workdays to account for time spent planning, grading, collaborating, etc.; and assisting with mental wellness through mentoring, coaching and affinity groups for new teachers and staff.

5 - Develop a pipeline of principals:
Develop a strong pipeline and training programs for preparing principals. Effective leadership drives high-quality support for new teachers, improves working conditions, and increases teacher retention.

Retention

6 - Strong, short salary schedules:
Offer competitive starting salaries, mid and late career earnings, and reward professional development. Time-limited bonuses may have filled the classroom on a short-term but are not shown to improve attrition.

7 - Comprehensive induction and mentoring:
Provide a multifaceted approach to support new educators by allowing customization for individual needs. Induction programs may include new educator orientation, mentoring by qualified and trained mentors, support teams that meet routinely in addition to the formal mentor, courses and workshops developed by central office.

8 - Create career lattices and ladders:
Develop opportunities for teacher advancement without becoming an administrator. Paid roles, such as mentor coach, instructional coaches and professional learning specialists, allow some of that advancement.

SOURCE: Auditor analysis of publicly available information from the Arizona Department of Education Teacher Residency Program and publications from the National Education Association and the Learning Policy Institute.

MANAGEMENT ACTION PLAN

1. **Improved reliability and availability of data could better inform the District's retention strategies and performance monitoring.**

Recommendations:

The District Superintendent should direct Human Resources to:

A. Continue efforts to evaluate employee turnover, including calculating turnover for key positions and programs to fine tune recruitment and retention strategies.

B. Refine termination codes to provide more meaningful separation reasons for analysis and use exit survey data to help identify potential retention issues. As well, consider adopting an electronic resignation form to capture key information systematically.

C. Evaluate methods to better manage employee complaints and grievances. A technology solution should document the receipt, assessment, investigation, and disposition of complaints. Aggregate complaint data should be used to analyze trends and help identify systemic employment issues that may exist.

D. Consider increasing the substitute pool to meet absence-fill goals. Further evaluate trends by grade, subject, or location to identify where additional need exists.

MANAGEMENT RESPONSE: Agree

PROPOSED RESOLUTION:

A. Human Resources will continue to evaluate employee turnover specifically for key positions and programs in order to fine tune recruitment and retention strategies through cleaning up data, evaluating software/electronic systems to capture data, and analyzing such data.

B. Human Resources will work with our ERP Systems Analyst to refine termination codes in Visions platform to ascertain separation reasons in alignment with Exit Survey questions and audit recommendations. Implementing an electronic resignation form will ensure more consistent data collection and will be done in collaboration with the Information Technology (I.T.) department.

C. Human Resources will collaborate with the I.T. department or seek a vendor to create and manage employee complaints and grievances. Additionally, Human Resources will train the employees, administration, and association representatives on the new system and processes.

D. Human Resources has hired almost 180 substitutes since the August 2022 audit was approved. Substitute pay was increased in December 2022 by $18 per day. A 2% increase was approved on March 7, 2023 to go in effect on July 1, 2023. Our fill rates on average have increased from an average of 70% in August 2022, 79% in December, 82% in January, and most recently 81% in February. A substitute survey was conducted in late December 2022 to early January 2023. The survey found that the majority of substitutes are both over age 50 and appreciate the flexibility substituting provides and therefore only substitute two days per week.

RESPONSIBLE PARTY: Alexis Wilson, Assistant Superintendent of Human Resources

COMPLETED BY: 6/30/2024

2. Recruiting effectiveness may be improved by monitoring recruitment progress and metrics, increasing HR oversight, and standardizing procedures.

Recommendations:

The District Superintendent should direct Human Resources to:

  A. Establish target timelines for recruitment tasks, such as reviewing applications, scheduling interviews, and processing hiring requests to better monitor recruitment progress.
  B. Evaluate methods to standardize and streamline job postings to provide a better job applicant experience and help staff more easily manage recruitments.
  C. Identify department performance measures and collect data that will assist in evaluating them. Formalize recruitment procedures to ensure more consistent handling.
  D. Establish procedures to improve monitoring of recruitment activities performed by hiring schools and departments, including verifying that required interview and candidate selection procedures have been followed.
  E. Establish procedures for tracking and monitoring pending certification of newly hired certified staff.
  F. Promote additional pay or benefit incentives available to potential job applicants. Also, refine and formalize procedures for determining new teacher salary placement to improve transparency and equity, including correcting potential data errors and using more comprehensive data for analysis.

MANAGEMENT RESPONSE: Agree

PROPOSED RESOLUTION:

  A. In collaboration with Finance, Payroll, and Schools/Departments create a training and timeline module for implementation of recruitment progress. Human Resources will establish timelines for recruitment tasks including reviewing applications, scheduling interviews, and processing requests.
  B. The Human Resources team will determine a streamlined posting process to allow for an improved candidate experience. Streamlining standard naming for postings, eliminating duplicate postings, and eliminating or refreshing outdated job postings.
  C. The Human Resources team will seek out support from PowerSchools support team to better identify use of the tool to determine measures and collect data to analyze recruitment procedures.
  D. Human Resources will develop procedures for recruitment activities and then train schools, departments, and hiring supervisors on an annual basis on the process to ensure consistency and proper hiring practices.
  E. In collaboration with ADE, Human Resources will develop a tracking system to monitor pending certification.
  F. New teacher placement schedules have been created and include supplemental monies for additional certification/positions/conferred degrees.

RESPONSIBLE PARTY: Alexis Wilson, Assistant Superintendent of Human Resources

COMPLETED BY: 1/31/2024

3. Process improvements are needed to alleviate workload pressures and help the department move towards its strategic goals.

Recommendations:

The District Superintendent should direct Human Resources to:

A. Formalize policies and procedures for processing Personnel Action Requests, establish timeliness guidelines by PAR type, monitor progress to help prioritize work, and evaluate ways to streamline the PAR review workflow.

B. Establish termination procedures, for both HR and schools/departments, to provide guidance and communicate expectations regarding timeliness. Specifically, more comprehensive exit checklists should be created to ensure all steps have been completed timely.

C. Promptly deactivate user access to HR systems when they are no longer authorized and restrict system access to only necessary functions.

MANAGEMENT RESPONSE: Agree

PROPOSED RESOLUTION:

A. Human Resources has engaged with Finance, ERP Systems Analyst, I.T, Payroll, and other departments to clean up data, create guidelines for the various PAR process, and establish a less cumbersome workflow. The workflow is expected to be improved before the end of this school year. Additionally, training documents are being created for site and department personnel.

B. Exit checklists will be electronically created in conjunction with I.T. for simplified and consistent termination processes. This will also be included in annual training with site and department personnel to ensure consistent and timely expectations.

C. Human Resources will work with I.T. to ensure timely deactivation of user access.

RESPONSIBLE PARTY: Alexis Wilson, Assistant Superintendent of Human Resources
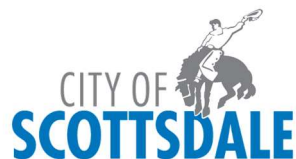
COMPLETED BY: December 2023, prioritizing part B and C for completion by October 2023.

CITY OF
SCOTTSDALE

The City Auditor's Office conducts audits to promote operational efficiency, effectiveness, accountability and integrity.