Audit of Staff Recruiting and Hiring

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City Auditor

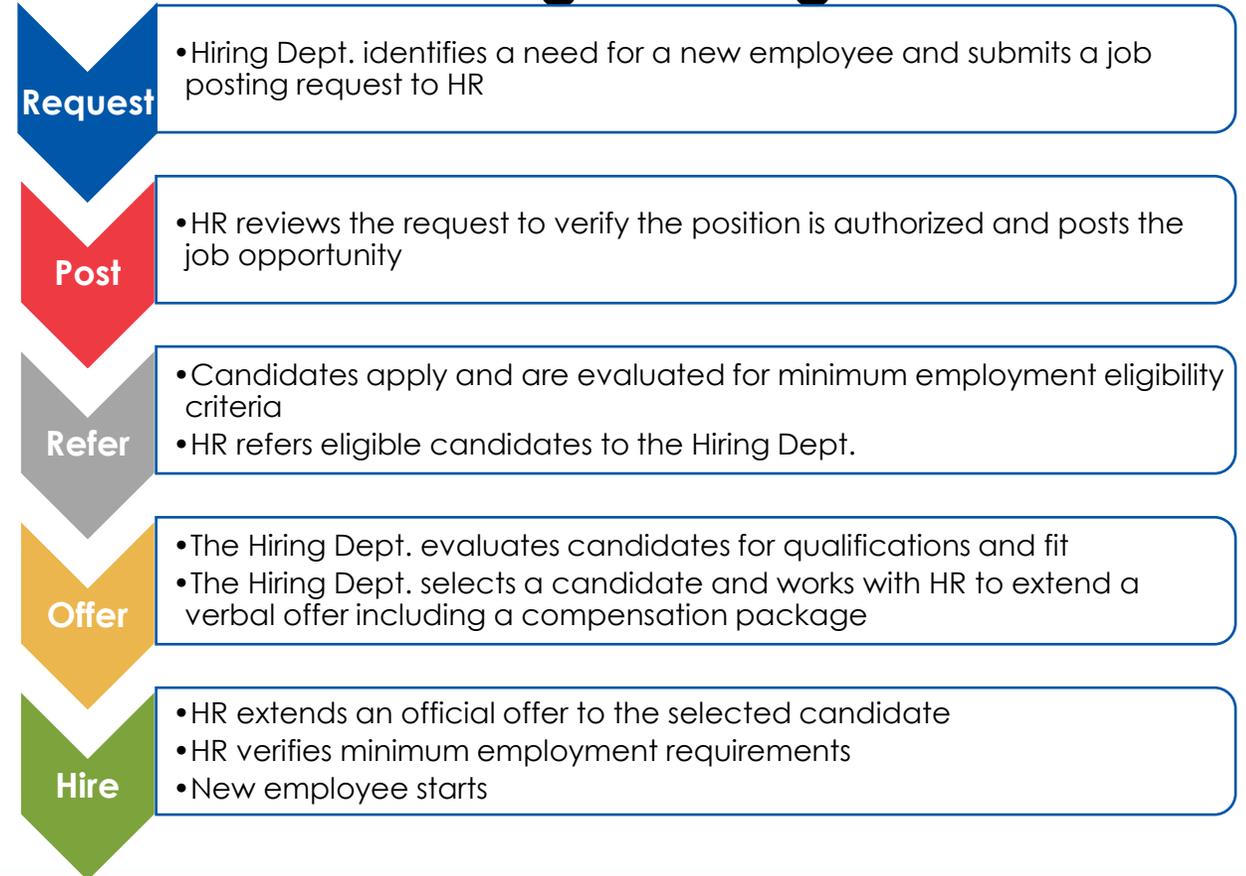**City Auditor's Office**

March 5, 2024

Purpose of the Audit

- Audit evaluated the effectiveness of the City's civil and non-civil service recruiting and hiring processes.

- City has hired about 1,700 employees over the last three fiscal years and has an avg. annual turnover rate of 15%.

Recruiting & Hiring Process

Request
- Hiring Dept. identifies a need for a new employee and submits a job posting request to HR

Post
- HR reviews the request to verify the position is authorized and posts the job opportunity

Refer
- Candidates apply and are evaluated for minimum employment eligibility criteria
- HR refers eligible candidates to the Hiring Dept.

Offer
- The Hiring Dept. evaluates candidates for qualifications and fit
- The Hiring Dept. selects a candidate and works with HR to extend a verbal offer including a compensation package

Hire
- HR extends an official offer to the selected candidate
- HR verifies minimum employment requirements
- New employee starts

Performance Metrics Indicate Recruiting & Hiring Process is Generally Efficient & Effective

- Performance metrics indicate recruiting & hiring processes generally result in hiring qualified candidates who are a good fit.
  - Candidate mgmt. system not fully used.

- Process changes further improved position backfill timeliness.

- Many compensation equity & pay transparency best practices adopted.
  - Historic compensation offer process increased risk of inequity.

2023 Avg. Days to fill a Vacancy

Legend: ■ To Request ■ To Post ■ To Refer ■ To Offer ■ To Hire
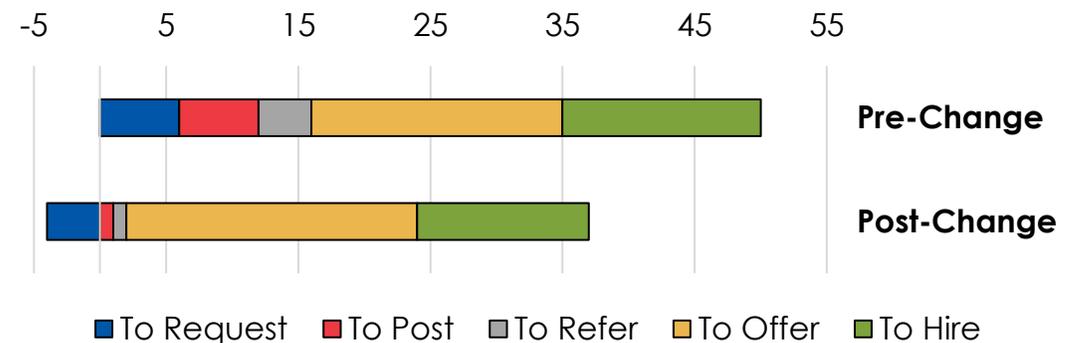
2023 City Recruitment & Hiring Metrics

Metric	Performance	Benchmark	Interpretation
Job Posting Conversion Rate	2.4%	3%	✔
Interview-to-Offer Ratio	2.3:1	3:1	?
Offer-to-Hire Rate	87%	Higher Better	✔
New Hire Turnover	26%	40%	✔

Not all Candidate Evaluation & Minimum Employment Requirements Verification Documentation Retained

- Most non-civil service candidate evaluation records – e.g., phone screen and interview notes – could not be located.

- Some civil service candidate screening documentation could not be located.

- Some critical minimum employment requirement verification documentation could not be found.

  - HR practice has historically been to not separately retain physical exam results, drug screen reports, and driving record checks in personnel files.

  - Some I-9 forms were not completed per the Federal government's requirements.

**Summary of Candidate Eval. & Requirement Verification Document Review**

Type	Individuals	% Missing
Non-Civil Candidates	79	82.3%
Firefighters	20	52.8%
Police Officers	31	0.5%
Dispatchers	49	34.5%
Non-Civil Hires	87	5.7%

Employees don't Currently Reflect Denton Community; Efforts to Increase Diversity Begun

- City employees don't reflect the Denton community.
  - Share of Black, Hispanic/Latine, and Asian employees slightly increased - mostly seen in part-time positions.

- City generally attracts applicants that reflect DFW area; however, hires aren't proportional.
  - Guidance on minimizing unintended biases when hiring has not been developed.

- Pay gap analyses indicate gender and racial pay equity could be further improved.

2023 City Employees & Denton Residents Demographics*
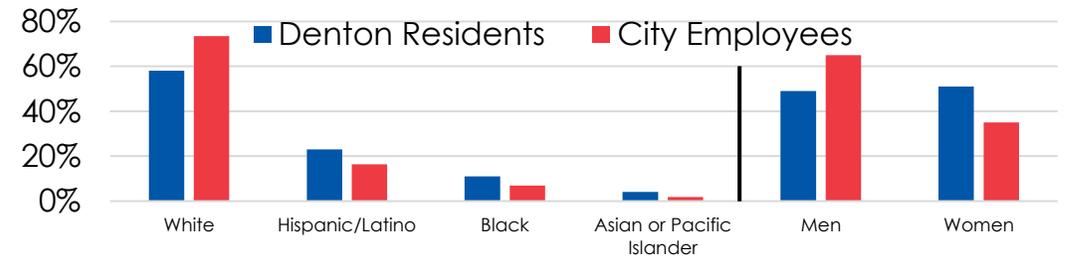
Intersectional Comp. of 2023 Applicants, Hires, & Pay Equity**

	Share of Applicants	Share of Hires	City-Wide Avg. Pay Gap
White Men	28%	33%	$1.00
White Women	22%	27%	$0.99
Latinos	10%	12%	$0.87
Latinas	9%	8%	$0.82
Black Men	9%	5%	$0.96
Black Women	9%	6%	$0.97
Asian Men	2%	1%	$1.29
Asian Women	2%	1%	$0.95

*Gender categories are reported as Men and Women because the City's current systems configurations do not have options to capture the full spectrum of gender expression.

**Shares do not add up to 100% due to some individuals choosing not to report their race or gender.

Management Response Summary

Rec.	Recommendations*	Response	Implementation Actions*
1	Establish recruitment & hiring performance metric goals.	Agree	Will develop metric goals.
2	Establish guidance for Hiring Managers on using the candidate mgmt. system.	Partially Agree	Pending ERP project; developed guidance for current system.
3	Ensure candidate evaluation documentation is received & retained.	Agree	Will outline a formal process.
4	Consider removing requests for compensation history & expectations from applications.	Partially Agree	Compensation history field has been removed from application.
5	Ensure all compensation offers at or above mid-point are justified & approved.	Agree	COR process was implemented in September 2023.
6	Clarify responsibility for posting civil service exam results at City Hall.	Agree	Will ensure all notices & exam results are posted at City Hall.
7	Consider prohibiting individuals who are ineligible to become firefighters from taking the civil service exam.	Agree	Will be addressed with new web-based applicant form.
8	Establish a firefighter recruitment & hiring process SOP.	Agree	Updating hiring policy & requesting future funding for software solution.
9	Establish a police officer recruitment & hiring process SOP.	Partially Agree	SOP will be condensed into a single document.
10	Establish a public safety dispatcher recruitment & hiring process SOP.	Agree	Will write and implement a policy.
11	Centrally retain copies of minimum employment requirement verification docs.	Agree	Will outline a formal process & add a new task to ensure compliance.
12	Conduct periodic I-9 audits.	Agree	An I-9 audit was initiated in January 2024.
13	Consider obtaining and centrally retaining employee addt'l job requirement verification docs.	Partially Agree	Will outline a formal process.
14	Develop & report on recruitment & hiring inclusion goals.	Agree	Will submit a supplemental request for funding to contract with a consultant.
15	Ensure civil service applicant demographic data is captured & retained.	Partially Agree	Will coordinate with departments to ensure candidate data is tracked.
16	Develop guidance on minimizing unintended biases when hiring.	Agree	Will coordinate with consultant to develop guidance.
17	Periodically conduct pay equity reviews.	Agree	Proposed 3 & 5-year strategies for conducting annual compensation studies.

*Detailed recommendations and implementation actions can be seen in the full audit report.

Questions?

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