

HUMAN RESOURCES SEPARATIONS
California Polytechnic State University, San Luis Obispo
Audit Report 20-2
March 29, 2021

EXECUTIVE SUMMARY

OBJECTIVE

The objectives of this audit are to ascertain the effectiveness of campus operational, administrative, and financial controls related to *Human Resources Separations* and *Paid Time Off (PTO)* balance carry over to ensure compliance with relevant governmental regulations, CSU, and Cal Poly policies.

SCOPE

Audit and Consulting Services (ACS) notes that the scope of this review only includes Cal Poly state employees and does not include the employees of its two main auxiliaries, Cal Poly Corporation (CPC) and Associated Students Inc. (ASI).

ACS randomly selected 35 state employee and student separation transactions based on separation action type (separation or retirement) and action reason (i.e. involuntary or voluntary-resignation/retirement).

The 35 sample selections were made from the SLO_HR_HRIS_RET_TERM PeopleSoft data extraction for the time period of 7/1/2019 to 6/30/2020. Of the 35 samples, the following were selected:

- 25 state employees (includes emergency hires, FERP, regular, rehired annuitants, and temporary employees)
 - a. Voluntary separations: 19
 - b. Involuntary separations: 6
- 10 student employees: (includes student assistants and student helpers that are considered voluntary separations)

For each separation selected, ACS assessed the compliance with the Cal Poly policies and procedures under the following sub-topics:

- Employee separation and separation notifications are timely
- Completion and retention of required separation documents

- Return of state property
- Opportunity to submit ExitRight Survey
- Calculation of PTO accrual
- Submission of Personnel/Payroll Transaction (PPT)
- Timely separation of IT access and removal from the directory
- Segregation of duties within the processes audited

ACS obtained the PeopleSoft Absence Management data for November 2019, December 2019, and January 2020 and prepared a rollforward of the PTO balances to validate that the PeopleSoft PTO accrual limit caps are properly applied as part of the Payroll calendar year-end process.

Further, the listing of PTO accrual roll-over requests was obtained for the last four years and the following tasks were completed:

- Identified the frequency of roll-over requests at the department level and for individual employees
- Requested and inspected the approved roll-over request forms for the 2019 to 2020 year-end process for proper and timely approvals
- Reviewed to ensure PTO balances that exceeded the amount allowed per policy, and did not have an approved roll-over, were removed from each employee's PTO balance timely

CONCLUSION

Based upon the results of the work performed within the scope of the audit, except for the weaknesses described below, the operational, administrative, and financial controls for Human Resource Separation and PTO carryover processes as of June 30, 2020, taken as a whole, provided reasonable assurance that risks were being managed and objectives were met.

In general, it was noted that the campus had an appropriate framework for the administration of completing the separation of employees, however, some areas were identified as needing improvement. It should also be noted that this process includes a broader range of departments such as Academic Personnel (AP), Payroll Services, Facilities, Information Technology Services (ITS), department level administration and department level IT groups. Based on these factors, the observations included in this report are mainly attributed to the decentralized structure of campus operations and variability of the separation processes based on employee separation type.

Across the Human Resources (HR), AP, and ITS departments there is a heavy reliance on notifications from within the respective departments of the departing employee. This directly impacts the timeliness of processing of the document completion, property collection, and IT access removal for each separation.

An improvement in completing and retaining separation documents such as the Form PR300 is needed. More extensive documentation over the property collection would help ensure the safe-guards in place for state-property and related state funds lent to the employee. Evidence and documentation for the collection of state-owned property is only limited to specific employees leaving the University versus all employees and students. Further, documentation of state-owned property is not required for all involuntary and student employee separations.

The lack of centralization of IT functions poses a risk over the de-provisioning process for each individual employee that separates from the University. Automatic de-provisioning can only be completed with applications that utilize Single Sign On (SSO). SSO does not include the department or division related IT applications that an employee may have access to. As such, there is an inconsistent method of documenting the de-provisioning of IT application access for non-SSO items. ACS notes that HR/AP notification of separated employees to the IT departments is made available through a dashboard report, however, department reference to the dashboard is not consistently utilized across the relevant IT departments. ACS noted that this leads to a reliance on annual and periodic IT audits used to identify terminated employees versus a timely separation of access once the employee departs from campus. Further, there is no centralized listing for what property or IT applications that individual employees have access to on campus.

Separation of SSO access is driven by the effective date within the PeopleSoft system versus the employee's last day on campus. Management should consider limiting access for retiring employees who leave campus prior to their effective date of separation within PeopleSoft. If full IT access remains in effect beyond their last day on campus, the respective IT department should document the reasoning for retaining access for the employee. In addition, the separation of student employees is not adequately documented as it is generally completed as part of the mass separation process. The mass separation process is driven by a three-month rule which indicates that if there is no time card submitted within three months, a student employee will automatically be terminated as part of the monthly mass separation process. Other students are terminated based on their effective date consistent with temporary employees. The delay in IT access separation for students creates a risk for the campus if students have access to IT applications while still on campus.

Review and approval of the PTO rollover is not consistent across campus. The University should implement a policy to:

- Limit the number of times that an individual can carry over their PTO accrual balance from one year to another
- Limit the amount of PTO hours that an individual can carry over from one year to another
- Develop specific criteria that is consistently applied by all areas to determine whether requests should be approved or not

In summary, individual departments need to be timelier in the notification of employee separations and ensure the completeness and accuracy of the required items of the separation from the University. Further, the departments involved in this process should apply a consistent approach with the documentation of the collection of University property across all separation types. Lastly, Cal Poly should implement policies detailing the PTO roll-over request and student separation processes as noted above. Specific observations, recommendations, and management responses are detailed in the remainder of this report.

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. VOLUNTARY EMPLOYEE SEPARATION AND SEPARATION NOTIFICATIONS

OBSERVATION

The following items detail the findings related to voluntary employee separations and separation notifications reviewed. The numbers in parenthesis following each item denotes the numbers of occurrences identified.

- Resignation or retirement notifications on file were received by HR or AP subsequent to the PeopleSoft effective date of separation (2)
- The resignation letter was not dated, as such, ACS could not determine if the notification was received timely (1)
- Resignation notification (i.e. letter or e-mail) was not provided by the employee
 - Separation did not have a written notification but had a HR191/AP191 form (2)
 - Separation did not have a letter or e-mail notification nor a HR191/AP191 form (1)
- Documented resignation notification received included was less than the “required” notifications set out by the HR/AP website (6)

RECOMMENDATION

We recommend that department managers, department heads, and VP’s for the groups of employees selected for testing be reminded that for future separations in their department, that HR or AP be notified of the separation timely (i.e. prior to the actual separation date) and that the HR191 and AP191 Forms should be submitted to HR or AP as soon as they receive notification of the employee’s departure. This will help ensure that HR and AP and other related departments (i.e. Facilities, ITS, Payroll, etc.) can process and set up the separations timely and complete all required actions prior to the individual leaving campus.

MANAGEMENT RESPONSE

We concur. Cal Poly will send an email to all managers to remind them of the resignation procedures and timelines for submitting all appropriate forms.

Anticipated implementation date: June 30, 2021

2. COMPLETION OF SEPARATION CHECK LIST (FORM 330) AND RETURN OF ASSETS

OBSERVATION

The following items detail the findings related to completion and retention of required separation documents for employees not returning to Cal Poly. The numbers in parenthesis following each item denotes the numbers of occurrences identified.

FORM PR300

General

- Form PR300 was not completed by separated employee as such ACS could not determine the following (1):
 - If all state property was returned (i.e. keys, department equipment, credit cards, pro-cards, etc.)
 - Outstanding balances with the University have been settled
- Separation documentation is retained in multiple locations across departments. As such, departments may not be retaining the final or completed versions of required forms with appropriate levels of approvals and sign-offs obtained through the separation process

Employee Certification

- Employee did not sign the certification indicating that all state property had been returned and all debts paid (1)
- Signature of employee certification was not dated (2)

Key Drop Off

- Neither Facilities nor University Police Department (UPD) signed-off that the department received the keys (3)

Library Services

- Form was not signed or dated by Library Services indicating that all library materials have been returned and any/all library fees have been paid in full (1)

Department Sign-Off

- Dept. Head/ Chair/Director did not sign the Form PR300 (2)

Return of Department Property and Equipment and State Funds

- Employee did not indicate if Campus ID card was returned (1)
- Employee/ department did not indicate that state and/or department items were returned/completed (4)
- Employee had an outstanding salary advance prior to separation (\$1.80 & \$244.64) (2)
- Evidence of collection of department or state property is limited for employees that are only employed on a termed or temporary basis. This does not include volunteer assignments or students
- Documentation of the return of state property for involuntary separations was not consistently applied (i.e. some employees were required to complete the form while others were not). For high risk separations (i.e. UPD where firearms may be issued or facilities where keys are not documented as returned)

RECOMMENDATION

We recommend that the department managers and staff responsible for signing off, reviewing, and processing Form PR300 be reminded to timely and thoroughly document the employee's separation steps and requirements, including the findings noted above. This will help ensure the completeness and accuracy of the Form PR300. PR300 Forms not fully completed, should be sent back to the preparer or respective department with an explanation of what is missing/incorrect, and only be processed when returned fully completed. For forms that are not submitted timely before the employee's departure, the department should be required to submit an explanation of the delay and the process of how state property was returned from the employee.

We recommend that for employees that have outstanding payroll advances or moving and relocation balances that are subject to repayment to the University be assessed through a documented review prior to separation. Assessment and documentation should include a de-separation if the employee must pay the outstanding balance or if the balance can be written-off due to immateriality. Proper approvals should be obtained and retained by management documenting the decision made.

We recommend that additional documentation be retained to evidence the return of state property for student employees that have been issued computers, tablets, or other equipment.

We recommend for involuntary separations that a detailed checklist of required documents be implemented and utilized to ensure consistent documentation of the return of state property.

We recommend that that the Payroll and HR/AP Departments work to develop a shared repository for the final retention of the separation documentation to minimize the risk of version control.

MANAGEMENT RESPONSE

We concur.

- Cal Poly will send an email to all managers to remind them of the resignation procedures and timelines for submitting all appropriate forms. This will include instructions to include an explanation of any delayed or late paperwork. This will also include instructions for departments to formally track any equipment checked out to students and to document the return of that property when the student resigns.
- Payroll will review PR300 forms submitted to ensure completeness and return incomplete forms with instructions for correction. All PR300 forms will be routed to the Payroll Office for retention. No PR300 forms will be retained in Human Resources or Academic Personnel to avoid duplication or retention of differing versions of the form.
- Payroll will review internal records to identify any outstanding balances such as payroll advances and moving and relocation balances. This information will be included in the settlement worksheet and Payroll will include an explanation of whether or not the funds will be requested to be repaid with justification if any funds will not be requested to be repaid.
- Human Resources will create a separate checklist which may be used for involuntary separations to ensure managers complete and submitted all required documents as well as document the return of state property, an explanation of the status of any outstanding funds, whether or not outstanding funds will be requested to be repaid, and a justification if any funds will not be requested to be repaid. This checklist would be disseminated on an as-needed basis.

Anticipated implementation date: December 31, 2021

3. STUDENT SEPARATIONS

OBSERVATION

The process for student separations is completed at a high level/mass separation process. This process is driven by two factors:

- 1) Student employee did not submit a time card within three months
- 2) Student employee has a set separation date within PeopleSoft System

The mass separation process is completed on a monthly basis. Out of the 10 student samples selected, only one student sample had record of a final time card submitted for separation. The remaining nine students were all terminated automatically utilizing the three-month inactivity rule within PeopleSoft. As such, students could have access to IT applications for an extended period of time subsequent to their last day of work.

Due to the nature of the student separations, evidence of collection of department or state property, or de-provisioning of non-SSO related IT applications, is limited.

RECOMMENDATION

We recommend management develop and implement a policy detailing the student separation process. We also recommend that managers responsible for student assistants should collaborate with respective IT groups to:

- Identify and aggregate a list of state property issued (i.e. tablets, laptops, etc.)
- Identify IT applications access given to student assistants
- Implement a department level notification to the respective IT department to notify them that a student assistant is no longer working with the department

MANAGEMENT RESPONSE

We concur. Information will be added to the Human Resources website to include a checklist and instructions for departments to follow when students separate. This would include returning equipment, and terminating access for internal and campus systems.

Anticipated implementation date: December 31, 2021

4. REMOVAL OF IT ACCESS

OBSERVATION

The following items detail the findings related to IT access de-provisioning. The numbers in parenthesis following each item denotes the numbers of occurrences identified.

- De-provisioning of SSO IT access was greater than one day after the employee's last day on campus. Days ranged from 3 – 98 (6)
- Department level IT group received notification of employee separation more than three days after the effective separation date listed within PeopleSoft. Days ranged from 6 to 166 (4)

- It is noted that Administration and Finance Network and Technology Services (ANTS) was the only division IT area that indicated use of a standardized deprovisioning checklist for the separation process
- Noted separated employees are still active in Zoom directory
- There is no centralized listing of IT applications that individual employees have within the departments that are outside of SSO

RECOMMENDATIONS

ACS notes that ITS is working to centralize Cal Poly's IT functions and applications across campus. This centralization includes integrating department level IT applications on to SSO platform if allowable for the program. While the centralization is in progress, we recommend that ITS still continue efforts to identifying department level IT applications that can be migrated on to SSO and catalogue those that cannot.

We recommend that HR works with ITS to create and implement consistent practices across campus for the documentation of IT access for separations (i.e. checklist to ensure that all access is removed).

MANAGEMENT RESPONSE

We concur. ITS centralization will fix some of these concerns and overlap. After centralization, we will work with ITS to review their process to ensure consistency across departments. The removal of access may vary depending on the type of position.

Anticipated implementation date: December 31, 2021

5. PTO BALANCE CARRYFORWARD

OBSERVATION

The following items detail the findings related to PTO accrual carryovers. The numbers in parenthesis following each item denotes the numbers of occurrences identified.

- The PTO accrual workbook is an in-house calculation retained in Perceptive Content to calculate the amount of personal time to be paid out within the PIMS system. The inputs of the workbook are obtained from absence management; however, ACS did not have a way to validate that the original input is correct.

- PTO Accruals are allowed to be carried over from one year to the next with appropriate approvals. Per review of the PTO process, it was noted that several employees rolled over their PTO over in multiple/consecutive years.
- There is no policy on the limit of the amount of PTO hours allowed to be carried forward, the number of times an employee is allowed to carry over PTO hours, or consistent criteria used to determine approval or PTO hour carry over requests.

RECOMMENDATION

We recommend that the University should implement a policy to:

- Limit the number of times that an individual can carry over their PTO accrual balance from one year to another
- Limit the amount of PTO hours that an individual can carry over from one year to another
- Develop specific criteria that is consistently applied by all areas to determine whether requests should be approved or not

MANAGEMENT RESPONSE

We concur. Cal Poly is limited in the policies we can create in relation to PTO rollover since these are governed by the Education Code and Bargaining Units. It will be proposed to the President that managers be encouraged to utilize the provisions in the collective bargaining agreements to increase the amount of vacation employees with large balances use and to create schedules for any rollover balances to be used in a timely manner.

Anticipated implementation date: December 31, 2021