

Austin Independent School District Human Capital Internal Audit

Final Report Presentation

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August 2023

Agenda

- Audit Objectives and Scope
- Summary
- Findings and Recommendations
- Questions



Audit Objectives and Scope

Audit Objectives

- To evaluate the compliance, efficiency, and effectiveness of AISD's Human Capital Department.
- To identify opportunities for improvement within each area.

Audit Scope

Eight major areas of human resource management were analyzed during this audit:

- Organization and Management
- Compliance with Laws and Regulations
- Recruitment and Onboarding Activities
- Employee Discipline and Evaluation
- Benefits Management
- Position Management
- Information Technology
- Compensation Structure

Executive Summary

- Period of transition for HC Department
 - New leadership; ERP implementation
- Risks to a successful ERP implementation
- KPIs do not support efficiency and effectiveness
- Insufficient controls over absence management, onboarding
- Instances of pay inequities
- Risks posed by current approach to employee investigations

Executive Summary

Eighteen (18) recommendations:

- Eight (8) Organization and Management
- Four (4) Staffing
- Three (3) Compensation and Benefits
- Three (3) Employee Relations



Organization and Management

ERP Implementation

Finding: AISD's ERP implementation lacks certain components, putting the success of the overall implementation at risk.

- Full testing environment not in original plan
- Project management issues
- Expedited rollout

ERP Implementation

Recommendation: Test all modules prior to the deployment of the new ERP system.

- Identify data integrity issues
- Correct any workflow problems

Management Response: Agree

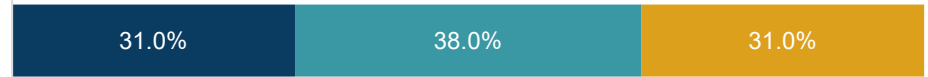
Key Performance Indicators

Finding: The HC Department's Key Performance Indicators (KPIs) do not support efficiency or effectiveness.

- No benchmarks
- Current KPIs not tied to a strategy/objective
- Limited ability to evaluate operations

Key Performance Indicators

I am satisfied with the opportunities I have for professional advancement.



The District's onboarding program adequately prepares new employees.



The performance appraisal process fairly evaluates my contributions.



My job description accurately describes the work I do.



I am compensated fairly for the work that I do.



AISD's benefits program meets my needs.



0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

■ Combined Disagree ■ Combined Agree ■ Neutral

Key Performance Indicators

Recommendation: Align the HC Department’s KPIs with its strategic objectives.

Function	Efficiency and Effectiveness Indicators and Metrics
Global Performance and Financial Management	<ul style="list-style-type: none">• Student-to-Staff Ratio• Student-to-Teacher Ratio• Number of District employees per Human Resources FTE
Recruitment and Hiring	<ul style="list-style-type: none">• “Time-to-Hire”• Number of employment applications processed per FTE
Employee Satisfaction and Safety	<ul style="list-style-type: none">• Employee turnover rate, by employee group• Number of new employee grievances by level• Teacher turnover rate, by campus
Compensation	<ul style="list-style-type: none">• Rank of average salary, by position type, among peer districts

Management Response: Agree

Communications

Finding: The HC Department's use of "Let's Talk" hinders its ability to support its customers.

- Limited data monitoring
- Unclear reporting/response structures
- Average response time is 5 days; goal is 3 days
- Multiple "past due" dialogues containing serious/urgent matters

Communications

Recommendation: Bolster the HC Department's ability to provide high-quality customer service through the enhanced use of "Let's Talk."

- Develop monitoring protocols
- Utilize available "Let's Talk" workflows
- Accountability structures

Management Response: Agree

Compliance

Finding: AISD personnel files are incomplete, exposing the District to unacceptable levels of risk.

- Out of 30 files tested, one included all required documentation.

Compliance

Required Document	% Missing
New Hire Forms	53%
Request for Employment	23%
Application	0%
Resume	10%
Social Security Verification	7%
TRS Questionnaire	40%
New Hire Letter	7%
Contract	30%
Driver's License/Passport	3%
Pre-Employment Affidavit	25%
Transcript/Diploma	0%
Action Sheet	3%
Employee Eligibility Verification Form (I-9)	0%

Compliance

Recommendation: Strengthen controls over personnel files to ensure compliance.

- Create single checklist
- Eliminate practice of multiple departments maintaining personnel files
- Conduct periodic internal audit

Management Response: Agree

Staffing

Position Management

Finding: The HC Department's position management function does not effectively control the number of positions in AISD.

- Managed on a spreadsheet, vulnerable to human error
- Does not provide “real time” reporting
- Inhibits long-term, strategic workforce planning

Position Management

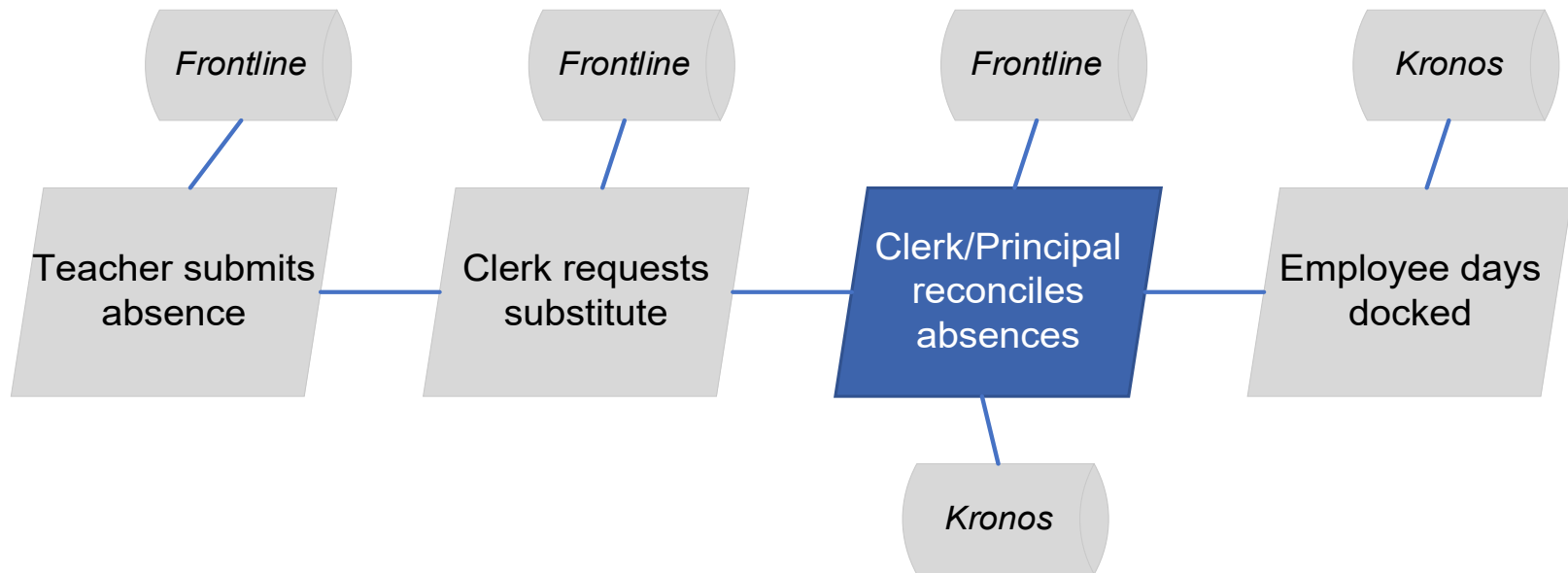
Recommendation: Leverage the position control module in *Frontline* to facilitate staff planning and more effectively manage the District's workforce.

- Move away from spreadsheets
- Conduct an annual position audit
- Appropriate division of responsibilities between HC and Finance Departments

Management Response: Agree

Absence Management

Finding: A highly manual component of the District's absence management process results in inaccurate leave reporting.



Absence Management

- Tested sick and personal leave for teachers
- 8,299 instances in 2021-22 school year that an absence was entered by a teacher in *Frontline* and not reported in *Kronos*
- Occurred for 1,518 individual employees

- Implications for:
 - Teacher Retirement System (TRS) reporting
 - Accurate compensation for hourly employees
 - General compliance

Absence Management

Recommendation: Strengthen internal controls over absence management.

- Conduct review to assess other control weaknesses (e.g., other positions and other absence types)
- Additional controls, largely captured in new ERP
 - Align leave request and approval process
 - Substitute management module
- Regularly audit employee absence data

Management Response: Agree



Compensation and Benefits

Commendation

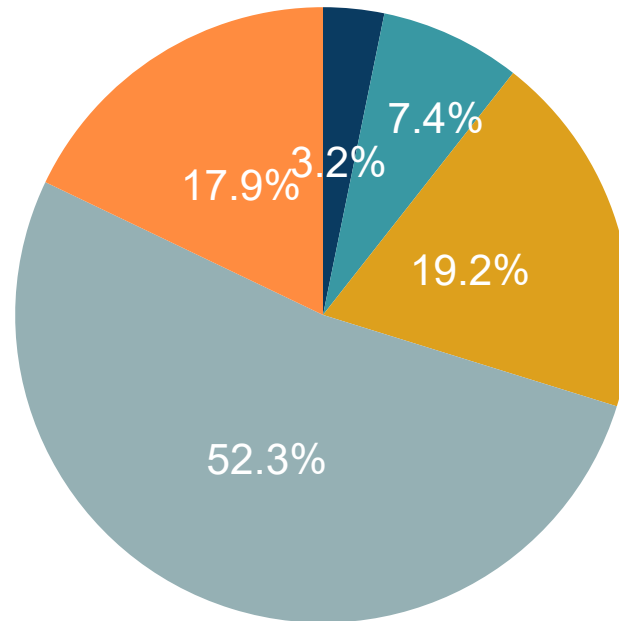
AISD's benefit enrollment rate outpaces industry benchmarks.

- Indicates relative competitiveness of benefits package
- Demonstrates effective education and access

Health Benefits Enrollment Rate	2019-20	2020-21	2021-22	2022-23
AISD	98%	94%	92%	91%
COGCS Upper Quartile	92%	92%	Not Available	Not Available

Commendation

“AISD’s open enrollment process is easy to navigate.”



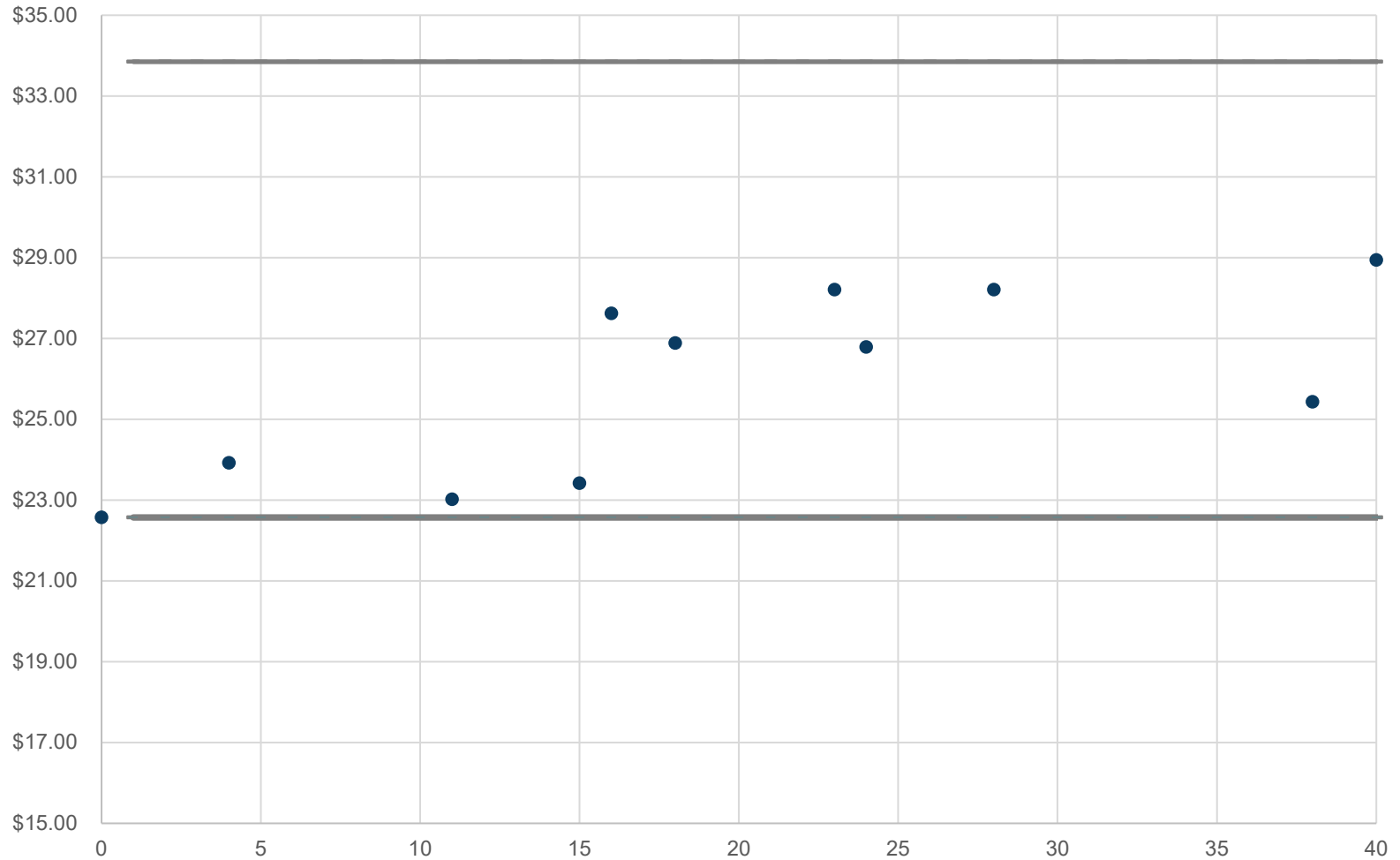
- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Salary Compression

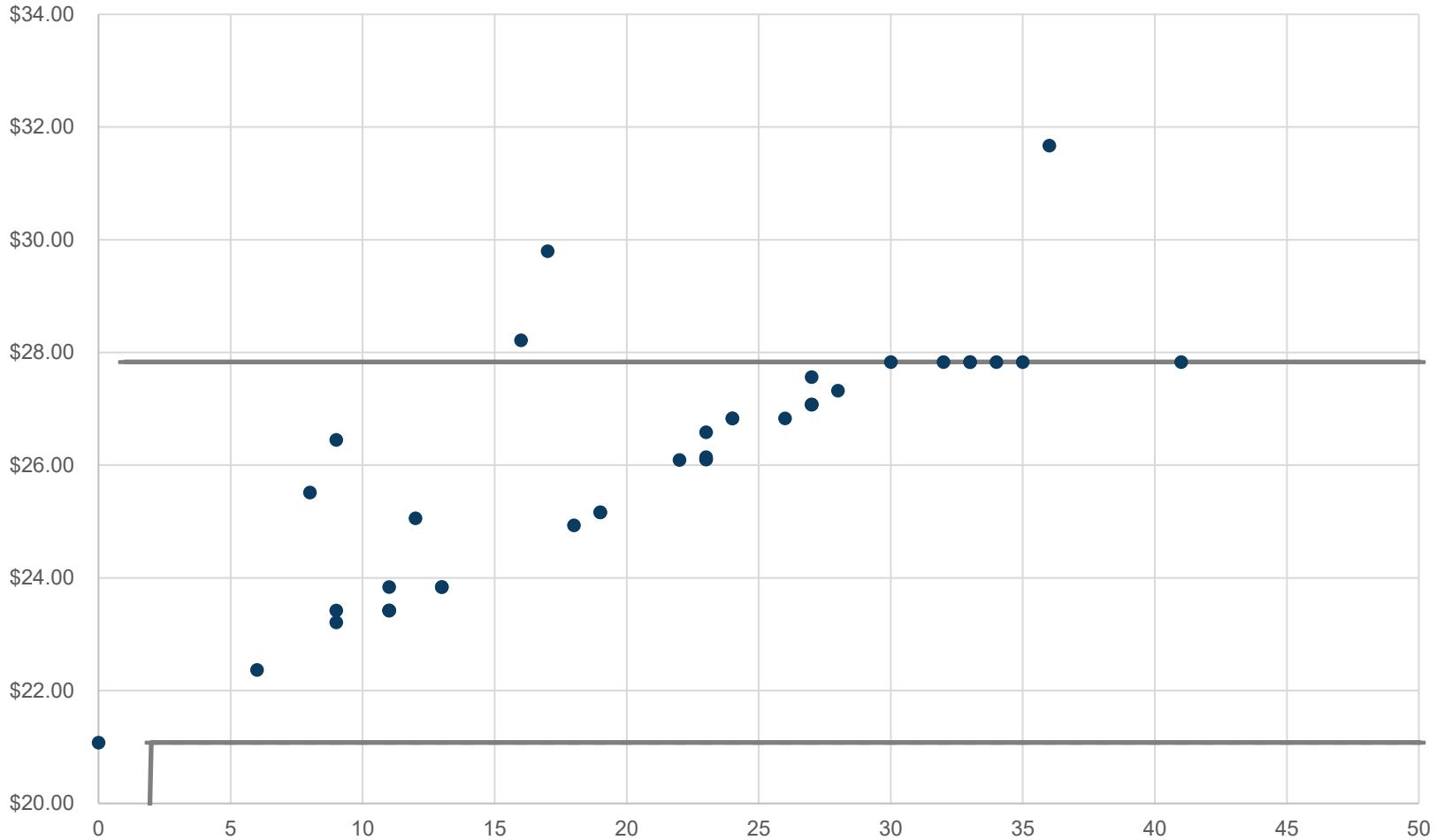
Finding: The inconsistent application of District pay rules has created salary compression at AISD.

- Typically a result of a desire to keep valuable employees or attract talent
- Manual calculation of applicable years of experience cannot be extracted to internally evaluate compression

AUX10 (Operational Technician)



IT3 (Help Desk Analyst/Specialist)



Salary Compression

Recommendation: Address salary compression through adherence to District pay rules.

- Determine full extent of compression
- Develop plan to address compression over next three years
- Conduct annual follow-up analysis

Management Response: Agree

Pay Range Analysis

Finding: More than 300 AISD employees are being compensated outside of Board-approved pay ranges.

- 251 above maximum
 - Largest group is AP9 paygrade (Elementary Principals)
- 113 below minimum
 - 99 in BD1 (Bus Drivers)
 - Agreed to a lower rate with updated work schedule in 22-23
- General practice of not adjusting pay that is over maximum
- Inconsistent application of methods intended to equitize salaries within paygrades

Pay Range Analysis

Recommendation: Adjust compensation rates to fall within Board-approved ranges.

- Board Policies DEA (Legal and Local) describe processes for:
 - Board approval of compensation plan, including pay ranges
 - Adjustments to individual compensation

Management Response: Agree

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Employee Relations

Investigations

Finding: AISD's approach to employee investigations poses risks.

- Investigative procedures not adequately documented
- General Counsel's Office insufficiently involved in investigations
- Legal Review Committee (LRC) does not leverage in-house expertise

Investigations

Recommendation: Restore the Human Capital Department's responsibility for managing employee investigations.

- Centralized creation and maintenance of SOPs, templates, resources
- Leverages District's expertise
- Establishes impartiality in investigations
- Cabinet members can focus on performance of their own divisions

Management Response: Agree

Questions