



Texas Real Estate Commission Internal Audit Services

Internal Audit of Human Resource Functions Related to Compensation, Recruiting and Retention

#18-001

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McCONNELL & JONES LLP
CERTIFIED PUBLIC ACCOUNTANTS

This report provides management with information about the condition of risks and internal controls at a specific point in time. Future changes in environmental factors and actions by personnel will impact these risks and internal controls in ways that this report cannot anticipate.

Executive Summary

McConnell & Jones LLP (MJ), serving as the outsourced internal audit function (Internal Audit) for the Texas Real Estate Commission (TREC) and Texas Appraiser Licensing and Certification Board (TALCB), provided consulting and advisory services to evaluate the agency's Human Resource processes related to compensation, performance evaluations, retention, recruiting and leadership training. This engagement focused on providing an independent assessment that current programs and programs under development address the agency's concerns related to the maintaining a well-trained and compensated staff.

We conducted this consulting and advisory service in conformance with the International Standards for the Professional Practice of Internal Auditing (IIA Standards) and with the Texas Internal Auditing Act (The Act). The IIA standards allow internal auditors to provide consulting and advisory services when the engagement has the potential to improve management of risks, add value, and improve the organization's operations, provided internal audit has no conflict of interest and internal audit personnel have no management responsibilities for the area in-scope. When providing advisory or consulting services, internal auditors are required to establish an understanding with consulting engagement clients about objectives, scope, respective responsibilities, and other client expectations. Additionally, the established scope must be sufficient to achieve the objectives of the engagement and must include consideration of relevant systems, records, personnel, and physical properties, including those under the control of third parties.

The Act defines internal auditing as an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. Sec. 2102.003 of the Act defines consulting services as advisory and related client service activities, the nature, and scope of which are agreed upon with the client and are intended to add value and improve an organization's operations. Consulting services include counsel, advice, facilitation, and training.

Overview

The Texas State Governor appoints the TREC commissioners and the TALCB board members for oversight of the agency; the TREC Executive Director and the TALCB commissioner is responsible for managing the agency's day-to-day operations. One individual holds both the TREC Executive Director and the TALCB Commissioner positions. TREC is a Self-Directed Semi-Independent (SDSI) agency. The agency divisions are as follows:

- ❖ Administration and Management Services
- ❖ Staff and Support Services
- ❖ Information and Technology Services
- ❖ Education and Licensing Services
- ❖ Reception and Communication Services
- ❖ Standards and Enforcement Services, which includes separate divisions for TREC and TALCB.

Figure 1 reflects the agency's current organization structure.

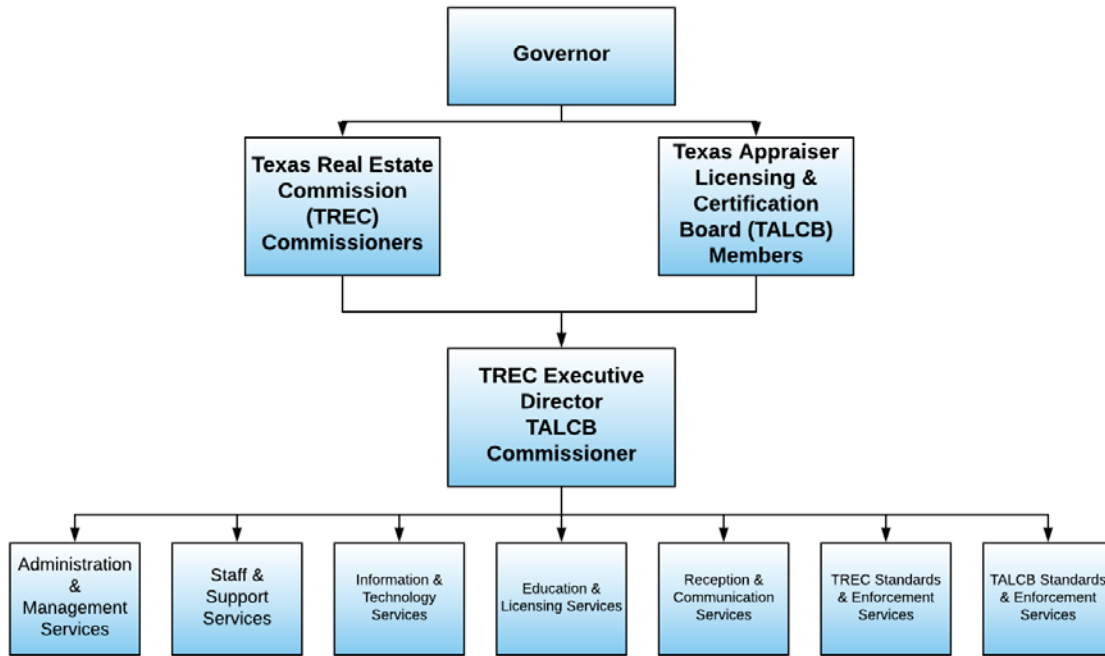


Figure 1 TREC and TALCB Organization Structure

Division directors manage their respective division with assigned staff. In total, the agency employs 95 individuals. **Figure 2** provides the agency’s current staffing levels by division.

Division	# Directors	# of Staff
Administration and Management	3*	4
Staff and Support	1	10
Information and Technology	1	13
Education and Licensing	1	19
Reception and Communication	1	14
TREC Standards and Enforcement Services	1	26
TALCB Standards and Enforcement Services	1	9
Total	9	95

Figure 2 TREC Division Staffing

*Includes the assigned deputy directors

TREC and TALCB management teams continuously work together to ensure the agency is addressing their administrative environment and that their business objectives are met. For the purposes of this report all references to TREC and Agency also includes the TALCB.

Scope and Procedures

Internal Audit's risk assessment identified the Human Resource function as a high-risk area and TREC's Executive Director requested us to review the current Human Resource programs to provide an independent assessment of how the agency is addressing key areas related to compensation, recruiting, retention and leadership training. The agency's recent compensation policy and salary plan was included in the review.

The scope of this advisory engagement was to determine if the current policies, documentation, proposed compensation guidelines, salary plan, and training sessions related to compensation, performance evaluations, hiring programs, and leadership will effectively address employee turnover, recruiting, retention, employee morale and leadership development. We performed the following activities:

- ❖ Determined key areas to review with TREC's senior management team.
- ❖ Conducted interviews with the senior management team.
- ❖ Assessed current documentation including data related to compensation and training.
- ❖ Reviewed the proposed compensation guidelines and salary plan.
- ❖ Researched the statewide agencies similar in size, SDSI, and Article VIII agency compensation.
- ❖ Provided recommendations based on our assessment results.

Figure 3 provides a summary of our consulting process.

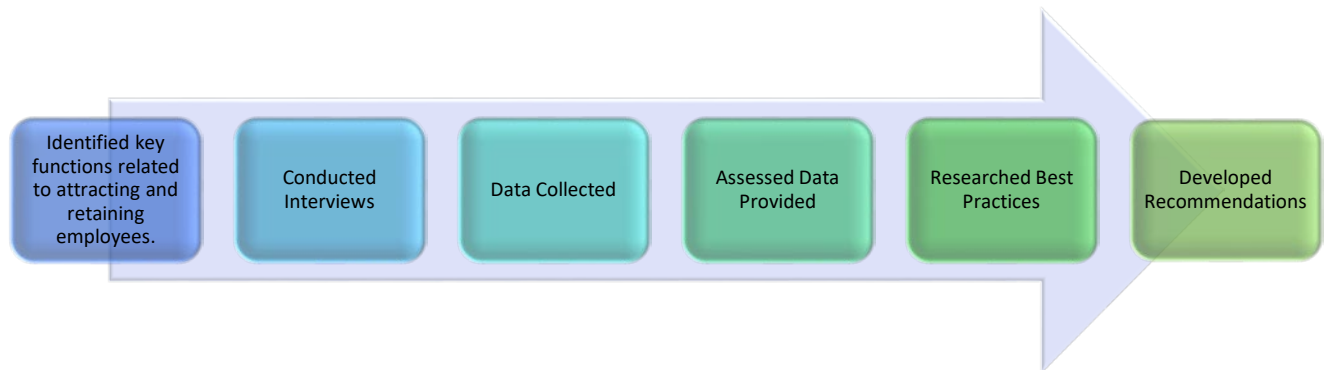


Figure 3. Internal Audit Advisory Process

Summary of Conclusions

Staff transfers to other state agencies increased during FY 2017 and FY 2018, and the agency currently has difficulty filling open positions. As a result, the Executive Director instructed the senior management team to revisit the current program related to compensation, recruiting and retention, employee performance evaluations and leadership training to ensure the agency is competitive.

Below is a summary of the actions taken and our recommendations to enhance and/or sustain these actions. It is important to note the Executive Director and senior management team self-identified their challenges in attracting, retaining and training the agency's staff. As such, they are already taking measures to address these challenges within current resources. We commend the Executive

The TREC Self-Identified Issues Concerning Employee Pay, Recruiting and Retention and Began Taking Corrective Actions

We believe that the revised compensation policy and procedures in addition to the recent actions taken to address the self-identified challenges are the correct steps to ensure that the agency is competitive in the job market and fosters an environment of high employee moral that ultimately achieves the objective of TREC being perceived as an employer of choice.

Director and senior management team for taking the initiative in addressing compensation, recruiting, retention and leadership training to ensure the agency continues to meet their business objectives and provide effective customer service to their stakeholders.

TREC's actions taken to address their challenges include:

1. *Compensation Administration Policies and Procedures* - TREC's directors and key managers were included in updating the current compensation policies and procedures. The Executive Director communicated the revised compensation policy to all agency staff. This process ensures a transparent application of the compensation processes throughout the agency.

Recommendation:

The agency should ensure that the efforts placed into updating the compensation policies and procedures become institutionalized through awareness and communications. Incorporate the compensation administration policy and process into the employee handbook and include this into annual training on the performance evaluation process

1. *Compensation Structure* - TREC noted a possibility that their compensation scale had fallen behind similar agencies. The Executive Director requested a salary study to be completed and took measures to implement the pay adjustments for positions identified as under-market. The agency has also made the business decision to update the salary study on an annual basis.

Recommendation:

Use a combination of budget, skills required to achieve the agency's mission, and salary studies in determining the agency's compensation structure. Ensure the position skill set descriptions consider TREC division directors' needs in addition to the SAO position descriptions. Once this is completed then align the agency's position needs with the budgeted amount and the quartile recommended pay by the SAO. Eliminate the use of salary and quartile averages, which does not provide an accurate portrayal of required compensation to be competitive. Additionally, expand the salary study beyond all state agencies, SDSI and Article VIII agencies

to include similar private organizations and other types of public institutions such as school districts and city/county agencies.

2. *Merit Increases* - The Human Resources Department updated the agency's compensation documentation to reflect salary adjustments available along with the process of how they are determined and applied.

Recommendation:

The agency has implemented a tiered merit increase process. Provide an annual review of the two tiers to ensure it adequately maintains the agency competitive goals. Consider adding a third tier. Once the update process is determined, the written compensation procedures should be updated and communicated.

3. *Talent Acquisition* - Executive Management communicated the agency's need to use various tools to ensure the recruitment of qualified individuals in a competitive market.

Recommendation:

The agency should adopt the "sourcer and recruiter" model for its hiring processes. The agency should formally identify their highly competitive positions and Human Resources should develop a matrix that shows the sourcing and recruiting methods for the respective positions.

4. *Leadership Training* - The agency invested resources to ensure continuous management team development through leadership training. Additionally, surveys were implemented to gather feedback and measure training implementation success.

Recommendation:

The agency should consider developing tools in addition to the surveys to measure and assess the training effectiveness as it relates to the agency's day-to-day operations.



Thank you to all staff involved in the audit for their openness and prompt response to our requests.

Background

Austin, TX is a thriving city with a steadily declining unemployment rate. According to the Bureau of Labor Statistics Austin’s unemployment rate declined to 2.5 percent in December 2017 from 3.3 percent in January 2017. While this extremely low unemployment rate is good for Austin’s citizens and economics, it places more pressure on TREC when it comes to sourcing, recruiting and retaining talented staff.

TREC does have processes in place to monitor the employment market and internal staff engagement. One tool that the agency uses is the Survey of Employee Engagement (SEE) conducted by the University of Texas Institute for Organizational Excellence. TREC uses the SEE results to monitor trends and design measures to address potential areas of concern. Seventy eight TREC employees responded to the 2017 SEE. This represents a 78.8 percent response rate. Overall, TREC’s SEE results indicated strong employee engagement. While the lowest scoring area was pay, all other areas received scores that indicate employee satisfaction and engagement.

We provide a snapshot of the SEE results to place perspective on TREC’s challenges in attracting and retaining qualified talent. TREC is not unique when it comes to attracting and retaining qualified staff. However, TREC is taking proactive measures to ensure the agency is perceived as an employer of first choice.

The 2017 SEE results indicate that the agency is performing well when it comes to meeting employee expectations. The SEE measures twelve areas (constructs) that serve to measure employee engagement in their organization. These constructs serve as a tool for managers to assess and take corrective action where needed. The SEE scoring system is based upon formulas applied to the employee survey responses and ranges from 200 to 500. **Figure 4** provides an overview of the SEE scoring range and TREC’s 2017 SEE overall score. TREC’s score of 376 means that their employees are engaged in the organization.

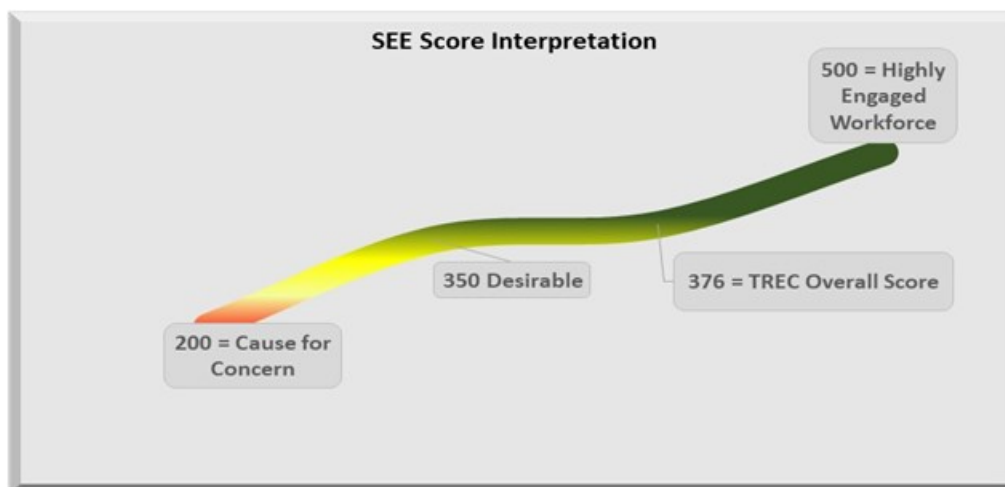


Figure 4 SEE Score Descriptions and TREC Overall Score

Source: 2017 Survey of Employee Engagement Executive Summary



When an employee puts forth their best effort each day, is motivated to contribute to the agency’s success and is committed to the agency’s mission, goals and values they are considered to be

“engaged”. Employees that are engaged are generally more productive and less likely to seek other employment opportunities. According to the 2017 SEE, TREC’s employees are more engaged than the overall national averages. **Figure 5** provides a comparison of TREC’s employee engagement levels compared to national averages.

Category	TREC	Nationwide Data
Highly Engaged	24%	30%
Engaged	21%	
Moderately Engaged	40%	50%
Disengaged	15%	20%

Figure 5 TREC Employee Engagement Compared to National Averages

The SEE provides agencies with valuable insight as to how their employees are feeling about their work environment and compensation. TREC has monitored their SEE results in order to identify trends, improvement areas and results of actions taken. These scores indicate that although employees expressed less concern over pay in 2017 than in prior years, it still remains a concern to them. Additionally, while the other scores reflect strong employee engagement the scores degraded in 2017 from prior years for nine of the twelve constructs. This could be due to many different factors, including the fact that 21 percent of the respondents are new hires (less than two years with the agency) and bring different work expectations with them. The SEE survey analysis reported that 19 percent of the respondents felt that upper management should communicate better and 10 percent of the respondents felt that there are not enough opportunities to give supervisor feedback. **Figure 6** provides TREC’s SEE scores from 2009 through 2017. TREC’s SEE analysis color coding legend for this figure is as follows.

Description	Score	Code
Areas of Concern	< 325	
	325 -	
Acceptable Range	375	
Areas of Strength	375+	

Construct	Topics / Years	2009	2011	2013	2015	2017
1	Supervision	390	383	393	413	383
2	Team/Workgroup	325	364	381	397	383
3	Pay	245	248	260	286	298
4	Benefits	349	376	382	387	401
5	Physical Environment	340	384	392	416	414
6	Strategic Issues	356	390	394	415	397
7	Community / Diversity	333	343	351	389	356
8	Information Systems	270	269	302	354	365

Construct	Topics / Years	2009	2011	2013	2015	2017
9	Internal Communications	324	324	348	383	361
10	Employee Engagement	355	370	380	406	386
11	Employee Development	296	342	361	381	370
12	Job Satisfaction	352	355	374	389	375

Figure 6 TREC SEE Scores 2009 through 2017

Source: TREC

TREC’s workforce longevity is evenly distributed between newly hired employees (21 percent) and experienced employees. Although 17 percent of employees responding to the 2017 SEE indicated that they are eligible to retire within the next two years and six percent indicated that they do intend to leave, the agency is not at risk of institutional knowledge drain. **Figure 7** provides TREC’s employee longevity distribution according to the 2017 SEE responses.

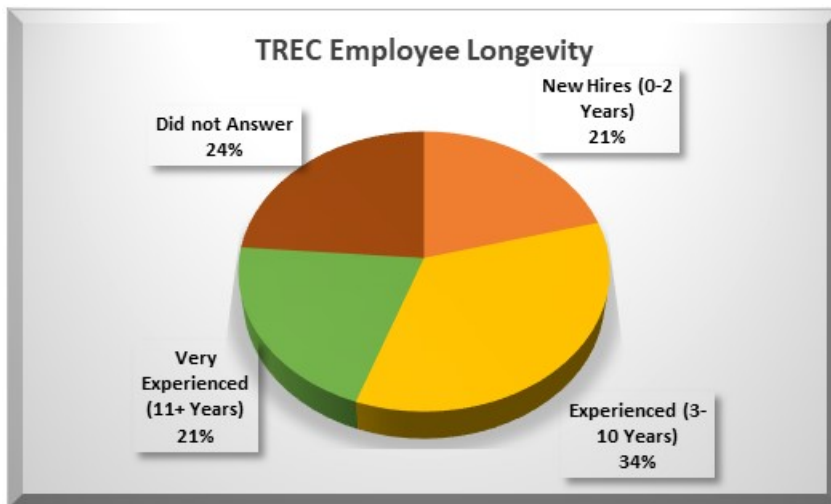


Figure 7 TREC Employee Longevity Distribution

Key Review Area Assessment Results

This section of the report contains a detailed discussion of TREC's processes related to attracting and retaining staff. We also provide recommendations to improve, enhance or sustain the processes based on our assessment of what is currently in place.

Key Review Areas: #1 Compensation Administration Policy and Procedures

The Texas Real Estate Commission's compensation administration policy and procedures are based on the Texas Government Code Chapter 659. This ensures that the agency has documented processes to facilitate compliance with state statute. The current compensation policy documents the types of salary adjustments that are available to the agency staff and the specific criteria used to determine merit increases. The document also outlines how the agency's salary schedule and position classification system is based upon the State Auditor's Office (SAO) guidelines. TREC is not obligated to follow SAO guidelines since it is a self-directed semi-independent agency.

Best practice compensation policies and procedures include compensation decision-making guidelines, defined process, roles, responsibilities, and authority. The inclusion of defined process, roles, responsibility, and authority increases transparency of how the compensation management process and salary adjustments are executed by the Executive Director, division directors and Human Resources.

The initial interviews conducted during this audit indicated some confusion on the compensation processes and criteria used to determine salary. The agency addressed this by working with the senior management team to update the compensation guidelines that were in place at the start of this audit, ensuring that the directors understand the process. The updated compensation guidelines include best practice components.

Internal Audit Assessment and TREC Actions Taken to Address Self-Identified Concerns:

The agency's actions taken to update the compensation policy to reflect their current business environment and increase transparency to all staff on the compensation decision-making process is a significant improvement towards increasing employee retention and morale. We noted the following:

1. The Executive Director worked with the agency's senior management team to update the compensation guidelines that identified the types of compensation adjustments available to the agency.
2. The agency updated their compensation policy and procedures to reflect the salary survey outcome and internal management input.
3. The updated compensation policy documents the following:
 - a. The employee compensation decision-making process.
 - b. Defined the roles, responsibility and authority of key roles involved in the compensation administration processes.

4. The agency communicated the updated compensation policy and procedures to the management team. This ensures that directors understand their role, responsibility and authority as it pertains to compensation administration.
5. The agency communicated the compensation administration guidelines, salary study process and compensation policies to all employees. This communication explained how the policies aligned with the director's role in support of the agency's compensation framework.
6. The agency enhanced procedural documents to support certain areas of the compensation administration process such as employee evaluations and their corresponding salary adjustments.

Recommendations:

The agency should ensure that the efforts placed into updating the compensation policies and procedures become institutionalized through awareness and communications. This can be achieved by incorporating the compensation administration policy and process into the employee handbook and including this into annual training on the performance evaluation process. Additionally, the compensation administration policy should be reviewed and updated on a regular basis with changes in market conditions and in accordance with the agency's policy review schedule.

Formal documentation of the current compensation administration process into the agency's official policy and procedures (currently the employee handbook) will increase the compensation process transparency. The availability of the compensation administration documentation to all employees will also assist in reducing confusion related to the process. Formal documentation of processes also prevents the agency from losing institutional knowledge of how key processes are to be managed and maintained when changes occur with key process owners.

Key Areas of Review: #2 Compensation Structure

The 2017 SEE results and our interviews indicated that employees are still concerned over their annual pay. Pay is also a contributor to attracting new employees.

TREC uses a market study to determine wage competitiveness. They use the SAO position descriptions and salary schedules to determine their position salaries. TREC uses the SAO salary schedule job classification quartiles when determining each position's salary instead of determining the level of skills and knowledge that is required for the specific position and then placing the position's salary in the appropriate salary quartile.

The agency reviewed and updated its compensation administration and salary determination process to ensure the agency remains competitive in the Austin, TX job market. Additionally, the agency completed a market study of salaries in 2017 to ensure the agency was competitive with other similar agencies.

Internal Audit Assessment and TREC Steps Taken to Address Self-Identified Concerns:

The agency's steps taken to address compensation competitiveness should help increase the agency's attractiveness to potential employees and current employees. However, given Austin's

low unemployment and high cost of living, the agency will need to adjust their salary structures on an annual basis in order to be competitive. We noted the following:

1. The agency performed a salary study in 2017 that included state agencies, SDSI agencies and Article VIII agencies. This comparison group ensures the agency remains competitive among their peers. The agency also made the business decision to update the salary study on an annual basis.
2. The agency took action to address positions identified in the 2017 salary study as not compensated at competitive rates as compared to similar state agencies.
3. The agency advised the management team how their input along with the salary study are key factors in the determination of compensation rates.

Recommendations:

The agency budget, skills required to achieve the agency's mission, and salary studies should drive the agency's compensation structure. Using these factors in determining compensation structures provides a sound basis for the agency to attract skilled talent or prevent talent from leaving the agency within the budget resources available.

The agency's salary administration should be flexible enough to place highly competitive positions into a higher salary quartile in order to attract or retain qualified talent. This starts with identifying TREC positions that require skills associated with highly competitive, limited availability candidates such as information technology. The Executive Director, Staff & Support Service Director along with the Human Resources Manager are in the best position to determine fair compensation based on financial and budget information, market studies and skill sets needed for the respective positions. The division directors should provide Human Resources with information on the skill sets and qualifications required for positions in their division.

The agency has made the correct decision by conducting a salary review but it should consider expanding the salary study scope by including private sector and other organizations such as school districts and city/county agencies to ensure the compensation offered is competitive. The additional information would serve as a reference point to ensure the agency is being competitive with all entities in the Austin market offering similar types of positions.

In summary, the process to make the salary study and compensation structure more effective should be as follows:

1. Incorporate the agency's available budget into the annual salary adjustment determination.
2. Ensure the position skill set descriptions consider TREC directors' needs in addition to the SAO position descriptions.
3. Align the agency's position needs with the budgeted amount and the quartile recommended pay by the SAO. Eliminate the use of salary and quartile averages, which does not provide an accurate portrayal of required compensation to be competitive.
4. Expand the salary study beyond all state agencies, SDSI and Article VIII agencies to include similar private organizations and other types of public institutions such as school districts and city/county agencies.

Figure 8 depicts the inputs required to develop a competitive compensation structure. In order for the compensation structure to meet the agency’s needs for attracting and retaining experienced, knowledgeable employees the process must involve Human Resources, the Executive Director and all division directors.



Figure 8 Compensation Structure Development Components

Key Review Area: #3 Merit Increases

The available budget for compensation and annual adjustments fluctuates based on the agency’s performance, which takes into account the licensing and transaction volume. TREC employees have the potential to receive two salary adjustments per year. These adjustments are only provided in the years when the agency has budget funds available. One adjustment is the Cost of Living Adjustment (COLA) pay increases and the second adjustment is the merit increases based upon performance evaluations.

The agency has a comprehensive annual employee performance evaluation instrument and instructions, including the scoring criteria explanations. These are included in the agency’s employee handbook.

The initial audit interviews indicated some staff confusion on how performance increase amounts were determined based on the employee’s evaluation rating. The agency addressed these concerns through communication and documentation of the current performance appraisal processes used to determine salary increases as it pertains to performance appraisals. The documentation includes the procedures on how the annual employee performance evaluation process should be completed and the type of salary adjustments available. The performance evaluation and salary increase procedures and timeline for FY 2018 document states the following:

“Once the appraisal is complete, directors may recommend a merit increase for any staff who are rated as “exceeds expectations” or “outstanding”. The recommendation should not exceed 3 percent or 5 percent, respectively. For each recommendation, the director must provide an individual justification. When making recommendations, the director must remain within a cumulative budget cap. For 2018, the budget cap for each division’s cumulative merit increases is 3 percent of the total salaries for the division.”

The performance appraisal instructions clearly define the scores required to receive ratings of outstanding, exceeds expectations, satisfactory, needs improvement and unsatisfactory. The shortfall that we see in this process is that:

1. Each division’s merit increase budget is the same percentage, regardless of their division’s overall performance. For FY 2018 the budget cap was three percent of the respective division’s total salaries.
2. The division directors have discretion of which percentage merit increase they will provide to employees achieving the “exceeds expectations” and “outstanding” performance evaluation scores.

Internal Audit Assessment and TREC Steps Taken to Address Self-Identified Concerns:

The agency’s steps taken to document the merit increase process is the first step towards increasing transparency. However, some ambiguity remains from allowing directors the initial discretion of how much each person’s merit increase will be as long as the recommendation fits into the percentage ranges and the division’s total cap. We noted the following:

- A. The agency documented procedures on how performance evaluations relate to a compensation increase.
- B. The current compensation policy relating to performance appraisals define the role of the division director and managers involved in the appraisal process. Executive management has given the directive and authority to the division directors to complete employee performance evaluations based on knowledge of day-to-day operations.
- C. The role of Human Resources in the employee performance evaluation process is defined, especially in the management of exceptions and validations.
- D. The agency’s compensation guideline document provides a compensation increase percentage based on the individual’s performance evaluation rating. Raises based on merit are determined by the rating received.

Recommendations:

The agency should implement a tiered merit increase process. The first tier begins by implementing a process whereby the pool of merit increase funds available to each division is based upon the respective division’s annual performance. The Executive Director should formalize annual goals and objectives for each division. The division directors then work as a group to define performance metrics against which they will be measured. These metrics then become a regular reporting mechanism, usually on a quarterly basis. At the end of each year the Executive Director then reviews each division’s performance and works with the Staff and Support Services Director to determine the amount of merit funds each division will receive to award to their employees.

The second tier is establishing guidelines on the specific increases that should be granted for the performance evaluation scores so that the percentage increases are consistently applied across all employees receiving the “exceeds expectations” and “outstanding” performance evaluation score. The opportunity to increase salaries to recognize employees for exceptional performance can then be added to the base percentage. For example, all employees that received an “exceeds expectations” score would receive a three percent increase while all employees who received an “outstanding” score would receive a four percent increase. If the employee showed growth potential and continued to demonstrate outstanding performance they would receive an additional one percent.

The third tier is applied if an employee took on additional projects, assignments or duties they could be recognized with a one-time merit.

Once these processes are finalized, they should be incorporated into the performance evaluation and merit increase policies and employee handbook to enhance transparency. These policies and procedures should also include a statement that annual performance pay increases are dependent upon the agency’s budget resources and are not guaranteed to occur each year.

It is important to note in policy and practice that the Executive Director maintains full discretion on the use of available resources for merit increases.

This methodology would make the merit increase more transparent and evenly applied.

Key Areas of Review: #4 Talent Acquisition

The agency’s talent acquisition processes vary based on discretion of the Executive Director and the agency’s needs. A statement in the agency’s compensation guidelines notes that the agency will use various tools to attract top staffing talent. The agency also communicated this information to the directors to ensure an understanding of the goal to seek the best available talent.

Currently, all recruiting is performed by the agency’s Human Resources Department unless a need arises to identify candidates for hard to fill positions such as information technology. Tools used to announce job vacancies include using the agency’s web site, distributing job announcements to selected external organizations, posting on social media (Facebook and Twitter) and sending email blasts to individuals signed up to receive TREC notices. The Texas Real Estate Commission’s 2015 Recruitment Plan identifies the following four recruiting methods used by the agency:

1. General Recruitment accomplished through placement of vacancies on the Internet and the Texas Workforce Commission (Work in Texas), universities, attending employment job fairs advertisements in newspapers.
2. Targeted Recruitment involves building working relationships with qualified colleges and university representatives, community and professional organization members including, but not limited to minority and women’s organizations such as the Urban League, Historical Black Colleges, National Veterans Outreach Programs, Military Transition Assistance Programs and the Department of Assistive and Rehabilitation Services.

3. Public Relations Recruitment maintains a continuing relationship with groups, organizations and schools and makes them aware of TREC employment opportunities and Internship programs.
4. Internal Recruitment involves coaching, teaching, and mentoring current employees with an eye toward succession planning.

The way individuals go about seeking employment has changed over recent years. Historically, searching for job vacancies and then applying for the job was the primary method that individuals sought employers. Now, the best qualified candidates are sought after and they generally do not seek out employment vacancy notices. Instead, they typically use their personal and professional networks to identify potential employers that they would like to target for employment purposes. They then follow the potential employer’s social media postings and work with the respective organization’s sourcing team to become a qualified candidate for when opportunities open.

Sourcing for difficult to fill positions is a two-fold approach to identifying and hiring individuals for employment. Sourcers are responsible for building an organizations employment candidate pipeline. Recruiters handle the processes from when the candidate is identified by the sourcers to when they are hired by the organization. Sourcers use multiple platforms to identify and qualify new candidates for employers. These include monitoring and posting on social media; accessing special databases; networking with professional organizations, professional associations; local fraternities, local clubs and local groups; and attending professional events. **Figure 9** provides a high-level overview of the activities performed by sourcers and recruiters.

Activity	Sourcer	Recruiter
Identify candidates	✓	
Qualify Candidates (Determine Interest in Working with the Organization)	✓	
Maintain Communications with Qualified Candidates	✓	
Vet Resumes		✓
Schedule Interviews		✓
Facilitates Hiring Process When Candidate is Selected		✓

Figure 9 Sourcer and Recruiter Activities

Sourcers can be an internal organization position or an external service provider. The recruiters usually reside in the organization’s human resource function. Regardless of where the positions reside, sourcers and recruiters work closely together to ensure that the organization has qualified talent identified for when a need arises. This begins with the organization analyzing job requirements, determining the skills and experience required, and identifying qualities desired for hard to fill positions then updating the respective job descriptions accordingly. These job descriptions are then provided to the sourcer to start identifying candidates. To be successful, these steps should take place before job vacancies occur.

Internal Audit Assessment and TREC Steps Taken to Address Self-Identified Concerns:

The agency’s steps taken to facilitate the identification and hiring of highly competitive positions does not fully address TREC’s needs and today’s business environment. We noted the following actions taken by TREC:

A. The agency communicated its goal to recruit the best talent using various resources.

Recommendations:

The agency should adopt the “sourcer and recruiter” model for its hiring processes. The first step is to identify their highly competitive positions where qualified job candidates are hard to find. The second step is to update the respective job descriptions to reflect the position requirements and desired skills. Once this is completed the agency will be in a better position to determine if the sourcer role is going to be an internal human resources staff member with specific sourcing assignments, an external sourcer or combination of both.

If the sourcer is an internal human resources assignment, the agency must also be specific on which professional organizations and clubs the assigned individual must network with for each identified position. Performance metrics must be put into place to monitor the candidate pipeline and sourcing success.

For each position identified as a highly competitive position, the agency should prepare a matrix that lists the position and what the specific sourcing methods will be.

Once this is completed, the agency should develop written procedures and documentation of the recruiting process to ensure the process is transparent to the agency staff and consistently followed.

The agency should continue the process of determining all position descriptions using the information derived from the SAO but should also formally document the requirements needed by TREC into the respective job descriptions to ensure the position presented to the candidate pool illustrates the agency’s needs. This will also ensure the position requirements information is documented and passed on to future directors.

Key Review Area: #5 Leadership Training

The Executive Director promotes continuous development for the management team by providing leadership training. This training is designed to provide the management staff with tools and methodologies that can be used to direct and motivate staff.

A process that would enhance the leadership program goals is to develop measurements that are related specifically to opportunities that created the need for the training. For example, if the training program is related to “trust building”, the agency would determine what issues have arisen within the agency that lead management to believe there was a lack of trust within the agency.

Internal Audit Assessment and TREC Steps Taken to Address Self-Identified Concerns:

The agency’s steps taken to improve their managers’ skills through leadership training is a positive step. The resources spent towards this effort will be recognized through continuous improvement and a more cohesive working environment. We noted the following actions taken by TREC:

A. The agency has completed surveys to measure the effectiveness of leaderships training.

Recommendation:

The scores on the recent surveys conducted by the agency indicate an increase in the appreciation of the leadership training provided by the agency. The agency should consider developing other tools to measure and assess the training effectiveness as it relates to the agency's day-to-day operations. These measurements will indicate if the leadership training is filtering through the agency from director level to the staff level.

One effective tool would be for the leadership team to identify the issues that gave rise to the training need. The leadership team should then determine what practices and measurement points can be developed to measure the implementation success. Once this is completed, Human Resources should execute a monitoring mechanism to measure and report on the outcomes.



Competitive compensation built on a foundation of transparency, market research and management team input provides for higher employee morale and less employee turnover.