
CITY OF SAN ANTONIO
OFFICE OF THE CITY AUDITOR



Audit of the Human Resources Department

Employee Master Data

Project No. AU23-020

August 23, 2023

Kevin W. Barthold, CPA, CIA, CISA
City Auditor

Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted an audit of the Human Resources (HR) Department, specifically Employee Master Data. The audit objectives, conclusions, and recommendations follow:

Determine if employee master data is accurate and appropriate quality assurance processes are in place.

Employee master data is accurate and appropriate quality assurance processes are in place. The HR Department currently has adequate controls in place to ensure employee data transferred from NeoGov to SAP is effective. Furthermore, employee changes and separations are accurate, have appropriate documentation, and are completed in a timely manner.

However, there are opportunities to improve on the accuracy of manually input employee data and Health Insurance Portability and Accountability Act (HIPAA) training completion. Currently, new hire information manually input into SAP is not reviewed for accuracy, which led to errors in employee information. Additionally, annual refresher HIPAA training was not completed by all required personnel.

The Human Resources Department Management agreed with the audit findings and has developed positive action plans to address them. Management's verbatim response is in Appendix B on page 6.

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Background

The Human Resources (HR) Department is comprised of several different groups, including the Recruitment Team and Employee Relations Team.

The Recruitment Team coordinates interviews, processes new hire information, and oversees the new employee onboarding process. The team uses NeoGov software to recruit, document, and hire new City of San Antonio employees. The onboarding information from NeoGov then interfaces with SAP. Upon integration of information from NeoGov into SAP, the Employee Relations Team also performs a manual process to capture required information that is not initially collected in NeoGov but must be included in SAP.

The Employee Relations Team also serves as a resource for all employees, supervisors, and management. Specifically, they aid in employee information changes, which include both employee and management-initiated changes. Examples include:

- Employee-initiated – Name, direct deposit, and address changes,
- Management-initiated – Position, salary changes, and separations.

The data stored within SAP is updated and maintained by the Employee Relations Team. All employee information is maintained within the Employee Master Data File. Currently there are approximately 13,100 active employees.

HR staff conduct periodic reviews of information to confirm accuracy of data input into NeoGov and SAP throughout the onboarding process, to include reviews of position classifications and pay. Additionally, periodic system user access reviews are performed to verify appropriateness.

Audit Scope and Methodology

The audit scope was October 2021 through March 2023 and included a review of the accuracy of new hire data, change management, separations processes, HIPAA training, and user access for relevant systems.

To establish our testing criteria, we reviewed City Administrative Directives 7.8d – Access Control and 4.7 – Healthcare Data Protection Administrative Authority as well as department policies and procedures and HIPAA regulations. Additionally, we interviewed HR staff and conducted walkthroughs of relevant processes.

We assessed internal controls relevant to the audit objective. This included a review of written policies and procedures, federal regulations, and ongoing monitoring efforts. In addition, as part of our testing procedures we examined the following areas:

- Reviewed if employee hiring information is complete and accurately input into SAP,
- Verified if employee changes are being processed accurately, timely, and have appropriate approvals,
- Determined if separated employees are documented in SAP accurately, timely, and appropriate documentation is maintained,
- Confirmed if employees handling Protected Health Information are in compliance with HIPAA training requirements,
- Performed an analysis of the Employee Master Data File for anomalies, such as blank required fields, inaccurate characters, and employees paid after separation, and
- Determined if user access was appropriate for NeoGov and SAP users.

We relied on computer-processed data in SAP to validate the accuracy of the employee master data. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. Our direct testing included confirming the accuracy of employee data as transferred over both automatically and manually from NeoGov as well as upon input of changed data by a Human Resources Specialist. We do not believe that the absence of testing general and application controls had an effect on the results of our audit.

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 Results and Recommendations

Overall, employee master data is accurate and appropriate quality assurance processes are in place.

We reviewed electronic hiring forms for a sample of 25 new hires and verified approvals were appropriate and documented prior to the new hire's start date. Additionally, the audit team performed a review over separated employees. We selected a sample of 25 separated employees and verified all required documentation was submitted.

The audit team also performed a review over the interface between NeoGov and SAP and confirmed the interface is working as intended by accurately transferring employee information from NeoGov into SAP.

Finally, we performed data analysis over the Employee Master Data File to identify potential anomalies such as blank required fields, inaccurate characters in relevant fields, duplicated employees/social security numbers, and ghost employees. We determined there were no significant anomalies within the file.

A. Manually Input New Hire Data

New hire information, when manually input, is not consistently input into SAP accurately.

We reviewed a sample of 25 new hires and determined 9 (36%) of the employees' information was input inaccurately. Examples of the inaccuracies include incorrect or missing emergency contact information, phone number, or address information.

Per the NeoGov Full Time Transactions Guide, all new hire transactions must be accurately input into SAP. Currently, the HR department is not following existing controls to ensure manually input new hire information is completed in accordance with requirements. If new hire information is not input into SAP accurately, business processes may be delayed.

Recommendations

HR Director perform a periodic review over the accuracy of manually input data (at least on a sample basis).

B. HIPAA Training

HR personnel, within the HIPAA covered component, are not completing required HIPAA training.

We performed a review over HR personnel within the HIPAA covered component who are required to complete annual refresher HIPAA training. We determined 17 of the 54 (31%) existing employees, hired prior to 2022, did not perform required annual refresher HIPAA training.

Per City Administrative Directive 4.7, HIPAA refresher training for the entire HIPAA covered workforce is to be completed at least annually. The HR Department lacks controls to ensure annual refresher HIPAA training has been completed. Lack of appropriate training is a violation of HIPAA policies and can cause an increase in liability to the City if not addressed.

Recommendation

HR Director develop controls to ensure training is completed according to requirements.

Appendix A – Staff Acknowledgement

Abigail Estevez, CPA, CIA, CISA, Audit Manager
Loretta Faxlanger, Auditor in Charge

Appendix B – Management Response



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

July 31, 2023

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
San Antonio, Texas

RE: Management's Corrective Action Plan for Audit of Human Resources Employee Master Data Audit

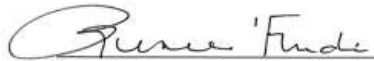
The Human Resources Department has reviewed the audit report and has developed the Corrective Action Plan below corresponding to the report recommendations.

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
1	<p>Manually Input New Hire Data</p> <p>HR Director perform a periodic review over the accuracy of manually input data (at least on a sample basis)</p>	3	Accept	Katie Zweifel, Human Resources Administrator	October 2023
<p>Action plan:</p> <p>HR will implement internal quarterly reviews of a sample of manually input data, to include accuracy of New Hire entries and W4 changes. HR will continue periodic reviews of discipline and separation entry accuracy.</p>					
2	<p>HIPAA Training</p> <p>HR Director develop controls to ensure training is completed according to requirements.</p>	4	Accept	Wanda Heard, Benefits Assistant Director	July 2023

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	<p>Action plan:</p> <p>HR is currently up to date on new hire and annual refresher HIPAA training. With the exception of two employees on long term leave, all employees have completed their annual refresher training as of July 24, 2023.</p> <p>The HIPAA Compliance Officer worked with ITSD and on April 6, 2023, implemented a new HIPAA Flagging Program in SAP which will identify employees in a covered workforce position requiring training. With the program, annual refresher training will be sent through KnowBe4 to those requiring it. A notification process has been implemented to ensure new, covered HR employees are captured by the HIPAA Compliance Officer.</p>				

We are committed to addressing the recommendation in the audit report and the plan of action presented above.

Sincerely,



 Renee Frieda
 Director
 Human Resources

_____ Date



 Ben Gorzell
 Chief Financial Officer
 City Manager's Office



 Date