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March 29, 2019

Mr. David M. Dooley  
President  
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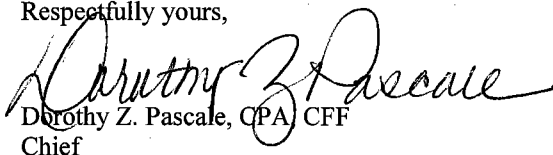
Dear President Dooley:

The Office of Internal Audit has completed its audit of the internal payroll at the University of Rhode Island. The audit was conducted in conformance with the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing and by the authority given to the unit as stated in accordance with Rhode Island General Laws (RIGL) § 35-7.1-2(a) – Establishment of office of internal audit. The recommendations included herein have been discussed with members of management, and we considered their comments in the preparation of this report.

RIGL § 35-7.1-10(d), entitled Annual and interim reports, states that, "Within twenty (20) calendar days following the date of the issuance of the management-response copy of the draft audit report, the head of the department, agency, public body, or private entity audited shall respond, in writing, to each recommendation made in the audit report." Accordingly, management submitted its response to the audit findings and recommendations on March 25, 2019 and such response is included in this report. Pursuant to this statute, the Office may follow up regarding recommendations included in this report within one year following the date of issuance.

We would like to express our sincere appreciation to the staff for the cooperation and courtesy extended to the members of our team during this audit.

Respectfully yours,

  
Dorothy Z. Pascale, CPA, CFF  
Chief

c-Michael DiBiase, Director, Department of Administration  
Honorable William J. Conley, Jr., Chairperson, Senate Committee on Finance  
Honorable Marvin Abney, Chairperson, House Finance Committee  
Honorable Stephen Whitney, Senate Fiscal Advisor  
Honorable David M. Tremblay, Deputy Senate Fiscal Advisor  
Jonathan Womer, Director, Office of Management and Budget  
Internal Audit Advisory Group  
Patricia Casey, Controller  
Anne Marie Coleman, Assistant Vice President  
Brenda Dann-Messier, Commissioner of Postsecondary Education

# Audit Executive Summary

## Why the Office of Internal Audit Did This Review

The Office of Internal Audit (OIA) conducted an audit of the internal payroll at the University of Rhode Island for fiscal year 2018. The purpose of the engagement was to determine if internal payroll operations are being administered efficiently and effectively in accordance with requirements, statutes, policies, and procedures.

## Background Information

The University of Rhode Island (URI) is a public higher education institution offering undergraduate, graduate, and professional students educational opportunities in many disciplines. The main campus is located in Kingston, Rhode Island. The University employs thousands of staff and faculty.

The University's full-time employees are paid through the State's central payroll department and payments made to temporary part-time employees, part-time faculty, summer recontracting faculty, and students are processed through the University's own internal payroll.

## To Strengthen Controls, University of Rhode Island should:

- Incorporate internal payroll employees in annual affirmative action plan
- Advertise positions paid through internal payroll
- Update organizational policies to require student employee background checks based on the nature of work performed
- Conduct background checks in accordance with University policy
- Require part-time temporary employees and part-time faculty to attend online harassment training
- Ensure all approvals are obtained prior to employee's start of employment
- Increase control over Employment Contracts
- Require completion of Bar of Claims for all In House payroll employees

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## Introduction

The University of Rhode Island (URI) is a public higher education institution offering undergraduate, graduate, and professional students educational opportunities in many disciplines. The main campus is located in Kingston, Rhode Island. The University employs thousands of staff and faculty.

The Office of Internal Audit (OIA) conducted an audit of URI's In-House payroll. The University's payroll is processed through the State's central payroll department with the following exceptions: temporary part-time employees, part-time faculty, summer recontracting of faculty and researchers, graduate students, and undergraduate students, which are processed through the University's own In-House payroll.

As a State agency, the University is under the purview of the State rules and regulations in addition to its own internal policies and procedures.

## Recommendations and Management's Responses

### Incorporate Internal Payroll Employees in Annual Affirmative Action Plan

According to the U.S. Department of Labor Office of Federal Contract Compliance Program (OFCCP), temporary and part-time employees should be included in an Affirmative Action Plan.<sup>1</sup> They should also be included in the hiring, promotion, and termination activities; as well as in the compensation database if they are working on the snapshot date.

Rhode Island General Law (RIGL) 28-5.1-1 states:

*(a)(1) Equal opportunity and affirmative action toward its achievement is the policy of all units of Rhode Island state government, including all public and quasi-public agencies, commissions, boards and authorities, and in the classified, unclassified, and non-classified services of state employment. This policy applies in all areas where the state dollar is spent, in employment, public service, grants and financial assistance, and in state licensing and regulation....(3) Each department head shall make a report to the governor and the general assembly not later than September 30 of each year on the statistical results of the implementation of this chapter and to the state equal opportunity office; provided, that the mandatory provisions of this section do not apply to the legislative branch of state government.*

Although URI management submitted its annual affirmative action plan, it does not include employees paid through its internal payroll within the data reported in this action plan. By not including these employees in its annual affirmative action plan, the University is misrepresenting its employment demographics.

### **Recommendation:**

- 1.) Work with the State Office of Diversity, Equity & Opportunity to incorporate internal payroll employees in the annual affirmative action plan reported statistics.

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<sup>1</sup> Refer to CFR 60-2.1(d)

**Management's Response:**

The controlling federal regulations defines an "employer" subject to affirmative action requirements, but they do not define "employees" for affirmative action purposes leaving that as a question of state law. Under Rhode Island law, R.I.G.L. § 28-5.1-1, employees for affirmative action purposes are those employees in the "classified, unclassified and non-classified services of state employment." Student employees are not members of the different services of state employment and are not therefore counted for affirmative action purposes.

The Office of AAEOOD will work with a committee made up of Human Resource Administration staff and the AAEOOD staff to review, develop and comply with OIA recommendations in the effort to provide accurate workforce data to be included and reported in the 2019-2020 Affirmative Action Plan.

**Responsible Party:** Roxanne M. Gomes, Director, Office of Affirmative Action, Equal Opportunity and Diversity

**Anticipated Completion Date:** Complete and submit the URI 2019-2020 Affirmative Action Plan as required on the date identified by the Department of Administration, Office of Diversity, Equity and Opportunity, State Equal Opportunity Office.

**Advertise Positions Paid through Internal Payroll**

The Rhode Island Board of Education Personnel Policy Manual states that it is the policy to make vacancy notices available to attract as wide a spectrum of candidates as possible. Best practices for recruiting and attracting the most qualified candidates promote the advertising of employment opportunities. There are numerous benefits of posting a job including:

- Widens the pool of job applicants, thereby potentially increasing the likelihood of finding the ideal fit
- Shows a commitment to fair hiring practices
- Gives internal employees the opportunity to express interest
- Creates environment of providing opportunity to employees and may therefore assist in employee retention
- Can reduce the chance of favoritism claims

Rhode Island General Law 28-5.1-1 Equal Opportunity and Affirmative Action (a)(1) states that

*Equal opportunity and affirmative action toward its achievement is the policy of all units of Rhode Island state government, including all public and quasi-public agencies, commissions, boards and authorities, and in the classified, unclassified, and non-classified services of state employment.*

With the exception of student employment opportunities, URI does not post or advertise for positions paid through its internal payroll. The University cannot ensure it is recruiting to attract the most qualified candidate(s). Further, failure to advertise positions and inadequate recruitment may negate the effort toward adherence to the Equal Opportunity and Affirmative Action laws.

**Recommendation:**

- 2.) Establish and adhere to a policy to advertise for positions paid through internal payroll.

**Management's Response:**

The In-House Payroll is made up of four groups: Students, Graduate Assistants, Part-Time Faculty and Temporary Part-Time. URI advertises student jobs using a software platform called RhodyNet powered by Handshake and eRezLife.

The university typically does not post graduate assistantships. As with most universities, the process for applying for graduate assistantships is intertwined with the process of application and admission to graduate study. Students applying to graduate programs may indicate their interest in graduate assistantships. In turn, teaching, research, and administrative assistantships are awarded to students whose qualifications meet the needs of the recruiting department. Assistantships are often used as an inducement to attract the highest quality applicants to graduate programs. Assistantships are awarded for one academic year but may be, and typically are, renewed for two or more years depending on the length of a graduate program, the graduate student's performance, and the needs of the department or program. Since 2002, graduate assistants have been covered by the collective bargaining agreement between Graduate Students United (AAUP) and RI Council on Postsecondary Education. We do not believe there should be changes in posting requirements for graduate assistant. If there were to be changes these, potentially, would need to be negotiated with the GAU.

Due to the nature of temporary part-time positions being temporary, short-term, or emergent in nature with a required specialized skill set, advertising for these positions is not cost effective, unsustainable and detrimental to efficient university operations. Continuing part time positions are advertised in accordance with the Collective Bargaining Agreements or Council policy.

Hiring of part-time faculty is governed by the applicable Collective Bargaining Agreement, American Association of University Professors, Part-Time Faculty United URI/AAUP/PTFU. Part-time faculty who have taught satisfactorily shall have the expectation of being assigned courses in subsequent semesters according to availability, qualifications and time in service. Part-time faculty are assigned courses based on the applicable Collective Bargaining Agreement.

**Responsible Party:** Anne Marie Coleman, Assistant Vice President Human Resources

**Anticipated Completion Date:** n/a

**Conduct Background Checks in Accordance with University Policy**

URI's policy is to conduct national pre-employment background screening for all new hires, apart from students. According to the policy, employment is not final until Human Resources receives and approves a review of the background check. In a sample of 26 temporary part-time In-House employees and 25

part-time faculty, only one employee had a background check completed. Further, student employees are not currently required to have a background check completed unless they work outside of the University as part of their educational development.

Management is not adhering to its established policy requiring the completion of a background check for temporary part-time employees and part-time faculty hires nor is the policy sufficient for student hires. Without this check in place, the University exposes itself to unnecessary safety and security risks, as well as employing an individual who may not be qualified based on his/her criminal history.

**Recommendation:**

- 3.) Update organizational policies to require background checks for student employees in positions deemed necessary based on the nature of work performed.
- 4.) Ensure background checks are completed for all employees in accordance with University policy.

**Management's Response:**

The university is committed to providing a safe and secure environment for its students, faculty, staff and visitors. Background checks will be conducted for all new part-time faculty starting Fall 2019.

Due to the nature of temporary part-time positions being temporary, short-term, or emergent in nature; conducting background checks for these short-term temporary employees is not cost effective, however the university will recommend a background check if the new temporary employee will be performing a security or safety sensitive job.

The university is not required to conduct background checks on undergraduate and graduate student workers, however, the university will be reviewing whether there should be policy on conducting background checks for students that perform a security or safety sensitive job.

**Responsible Party:** Anne Marie Coleman, Assistant Vice President Human Resources

**Anticipated Completion Date:** September 1, 2019 for new part-time faculty

### **Require Temporary and Part-time Faculty Attend Online Harassment Training**

The RI Board of Education and its insurance carrier established an agreement that the three state higher education institutions require all employees (full and part-time) to participate in an online harassment training program. Further, RIGL § 28-51 Sexual Harassment, Education and Training in the Workplace, section 28-51-2(2)(c) *Adoption of workplace policy and statement* states that

*Employers are encouraged to conduct an education and training program for new employees and members, within one year of commencement of employment or membership, which includes at a minimum the information set forth in this section.*

In a sample of 40 temporary part-time and summer recontracting employees and 25 part-time faculty, only nine completed the training. URI does not require temporary employees and part-time faculty to complete the online harassment training and, therefore, is failing to comply with the RI Board of Education's established agreement. There is an increased risk that adequate and timely action addressing sexual harassment complaints will not occur without appropriate training.

**Recommendation:**

- 5.) Require temporary part-time and part-time faculty to attend online harassment training in compliance with the RI Board of Education's agreement.

**Management's Response:**

The RI Board of Education's agreement requiring all employees to participate in an online harassment training program no longer exists. However, the university is strongly supportive that all new part-time faculty and new temporary part-time employees be required to complete the university's online harassment training within 12 months of employment.

**Responsible Party:** Anne Marie Coleman, Assistant Vice President Human Resources

**Anticipated Completion Date:** September 1, 2019

**Obtain all Required Approvals Prior to Start of Employment**

Employees paid through the internal payroll are required to be approved by the respective department dean or director, human resources, and the budget office prior to the start of work. In a sample of 40 temporary part-time and summer recontracting employees, three employees (7.5%) did not have all the required approvals prior to the start date of employment. Allowing employees to work without receiving all approvals exposes the University to liability if funds are unavailable to pay the employee, or the appropriate HR verifications and forms were not provided prior to the start of employment.

**Recommendation:**

- 6.) Obtain all required approvals prior to the individual's start of employment.

**Management's Response:**

The university will strengthen controls to ensure that all required approvals are received on internal hires prior to the individual's start of employment.

**Responsible Party:** Matt Bodah, Vice Provost Academic Affairs; Anne Marie Coleman, Assistant Vice President Human Resources

**Anticipated Completion Date:** September 1, 2019



## Increase Control over Employment Contracts

URI's policy states that the employee, respective department chairperson, and the Dean's Office all sign employment contracts. These contracts detail the assignment, period of employment, hours per week, pay rate, and respective approvals. Best practices require that all business transactions be put in writing and a properly written contract details the rights and responsibilities of each party, associated benefits and costs, and sets up a mechanism as to how and under what circumstances a contract can be terminated. In a sample of 40 employment contracts, the following exceptions were noted:

- Three contract dates were altered with no initials to verify the change
- Four contracts were not signed by the appropriate personnel

Management did not ensure the employment contracts were appropriately executed in these identified exceptions which exposes the University to unnecessary liability.

### **Recommendation:**

- 7.) Increase control and oversight of employment contracts.

### **Management's Response:**

The university will strengthen controls on employment contracts to ensure that if dates of the contract have been changed, the responsible party and if necessary the employee will initial off approving the change.

The university will strengthen controls to ensure that all contracts are signed off by the appropriate personnel.

**Responsible Party:** Matt Bodah, Vice Provost Academic Affairs; Anne Marie Coleman, Assistant Vice President Human Resources

**Anticipated Completion Date:** September 1, 2019

## Require Completion of Bar of Claims Form for all In-House Payroll Employees

Rhode Island General Law 28-35-57.1 Bar of claims states that

*An employee's claim for compensation from an employer under chapters 29 to 38 of this title shall be barred from the date the employee commences employment for a period of two (2) years in the event the employee has willfully provided false information as to his or her ability to perform the essential functions of the job, with or without reasonable accommodations, on an employment application requesting that information, if the information is directly related to the personal injury which is the basis of the new claim for compensation. This section shall not apply unless the employment application advises the employee of the substance of this section.*

URI's process for hiring internal payroll employees includes the completion and collection of several paper employment forms including the Bar of Claims CS-386 form. In the sample of 25 student employees, 16 did not have a Bar of Claims form on file. Management stated that it does not require the Bar of Claims

form to be completed by student employees, and currently, no longer requires completion of the form for graduate assistants. Failure to complete the Bar of Claims form puts the University at risk of compensating an employee for injuries incurred prior to employment.

**Recommendation:**

- 8.) Require completion of Bar of Claims form for all In-House payroll employees.

**Management's Response:**

The university requires that all temporary part-time and part-time faculty complete and submit the Bar of Claims form. The university will update the requirement to include graduate assistants and students.

**Responsible Party:** Carnell Jones, Director of Enrollment Services; Anne Marie Coleman, Assistant Vice President Human Resources

**Anticipated Completion Date:** September 1, 2019

## Objective and Scope

The Office of Internal Audit (OIA) conducted an audit of the internal payroll at the University of Rhode Island for fiscal year 2018. The purpose of the engagement was to determine if operations are being administered efficiently and effectively in accordance with requirements, statutes, policies, and procedures.

## Methodology

As part of our audit work we gained an understanding of the existing controls over the recruitment, onboarding, and payments to In-House payroll employees. To address our audit objective, we performed the following:

- Obtained information from key process owners
- Researched pertinent State rules and regulations
- Reviewed established University policies and procedures as applicable
- Tested for compliance with established regulations, policies, and procedures
- Compiled judgmental samples of employee payment transactions for accuracy
- Compiled judgmental samples of employee hires for compliance with HR policies and procedures