HUMAN RESOURCES HIRING PROCESS AUDIT



OFFICE OF THE CITY CONTROLLER

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The Honorable John Whitmire, Mayor
City of Houston, Texas

SUBJECT: HUMAN RESOURCES - HIRING PROCESS AUDIT REPORT

The Audit Division has completed a performance audit of the Human Resources Department's (HR) hiring process for non-uniformed employees for Fiscal Year (FY) 2023 through the third quarter of FY2026, a period in which the City completed 12,058 hires. The audit evaluated compliance with applicable requirements, the design and operating effectiveness of key hiring controls, the timeliness of hiring compared with peer municipalities, and the sufficiency and retention of hiring documentation.

The City has made hiring faster, but it cannot consistently demonstrate that its hiring decisions were properly authorized, fairly evaluated, or supported by required screening.

Average time to fill positions declined from 94 business days in FY2023 to 42 business days in the third quarter of FY2026, and the City's performance in this measure compares favorably with peer municipalities. 37% of the improvements occurred in the referral-to-interview hiring stage, which is directly controlled by the hiring departments. Candidate offer to hire authorization, which is a hiring stage primarily controlled by HR, contributed 33% of the improvement in hiring timeliness. Efficiencies gained in the requisition-to-referral and interview-to-offer hiring stages contributed the remaining 30% of improvement. Nearly all of this improvement occurred in stages in the hiring process directly controlled by hiring departments (outside the control of HR), and it coincided with a hiring freeze that reduced hiring volume by about 45 percent. Timeliness continues to vary widely by department, from 29 to 66 average business days for FY2026 (through Q3), largely because of differences in how quickly hiring departments interview candidates and return their selections.

The audit identified three (3) findings:

- The City lacks a standardized, city-wide hiring procedure, so hiring practices vary and HR cannot effectively monitor compliance;
- Documentation supporting key hiring controls is incomplete or not retained. None of the executive hires sampled had a documented conflict-of-interest disclosure, a complete hiring package (offer letter, certify and document, and verification of employment), or documented offer authority; and
- Access controls over the City's applicant tracking system are not adequately governed, including active accounts belonging to separated employees.

In addition to key findings within HR, we had the following observations related to the hiring process:

- Coordination across HR, hiring departments, Finance, and the Mayor's Office is inconsistent, causing hiring activities to occur out of sequence, documentation to be uploaded inconsistently, and significant delays at key cross-departmental approval.
- The NeoGov applicant tracking system lacks the functionality needed to monitor and manage the hiring process, contributing to undetected documentation deficiencies while limiting oversight and auditability.

Recent improvements in hiring timeliness reflect faster hiring decisions by departments and more efficient onboarding and verification services by HR. Sustaining these improvements and ensuring hiring decisions are consistently defensible will require HR to standardize and enforce the process and hiring departments to share accountability for the steps they control.

We appreciate the cooperation of HR management and staff throughout this audit.

Respectfully submitted,



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City Controller
City of Houston, Texas

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EXECUTIVE SUMMARY

The Audit Division completed a performance audit of the Human Resources Department's (HR) hiring process for non-uniformed employees. The audit scope was Fiscal Year 2023 through the third quarter of FY2026 (Q3 FY2026). During the audit period, the City completed a total of 12,058 hires, of which 1,646 were made through Q3 of FY2026. The audit evaluated compliance with applicable requirements, the design and operating effectiveness of key hiring controls, the timeliness of hiring compared with peer municipalities, and the sufficiency and retention of hiring documentation. We randomly tested samples from two populations, one drawn from all hires and one from hires made through posting waivers, and we analyzed hiring cycle data from NeoGov and SAP.

Overall, the City has made hiring faster, but it cannot consistently demonstrate that hiring decisions were properly authorized, fairly evaluated, or supported by required screening. HR's 45-business-day target is among the most demanding of the peer cities surveyed, and the City's performance regarding time to fill, communication of metrics, and management of hiring delays compares favorably with its peers.

Average time to fill (time elapsed between position requisition and hiring authorization) rose from 94 business days in FY2023 to 114 in FY2024, then fell to 70 in FY2025 and fell again to 42 business days in Q3 FY2026. Nearly all the improvements occurred in stages controlled by hiring departments. The wait for an interview fell from 22 business days to 6, and the time from interview to hire authorization fell from 49 business days to 25, together accounting for about 40 of the 45 days saved.

Timeliness varies widely by department for FY2026 (through Q3), from 29 to 66 business days, and the variation is not explained by hiring volume or HR staffing.

- Among the three highest-volume departments which compose 51% of hiring activity, the department with the heaviest workload per Talent Acquisition Specialist (TAS), Houston Public Works, recorded the longest time to hire (51 business days). Houston Airport Service, supported by the same number of TASs at a slightly lower caseload, averaged 32 business days.
- Solid Waste Management, averaged 38 business days, carries a caseload exactly at the departmental median. Finance (56) and the Houston Emergency Center (50), hire at far lower volumes, and the Emergency Center's longer times occurred despite a near-median TAS caseload.

The difference lies largely in how quickly hiring departments act once candidates are referred. Interview-to-offer time ranged from 8 to 54 business days by department, and HR identified receiving selections back from hiring managers as its most significant challenge. Further analysis identified the offer-to-hire authorization time, which is primarily controlled by HR ranged from 1 to 28 days by department. Combining these two data points identifies that both hiring departments and HR share sizable responsibility in the timeliness or lack thereof of the hiring process.

The audit identified three findings:

1. **The City lacks a standardized, city-wide hiring procedure.** Requirements are spread across approximately twenty (20) Administrative Procedures, Executive Orders, and policies. No single procedure defines what documentation each stage requires, who is responsible for it, or where it is retained, resulting in inconsistent practices across departments.

2. **Documentation supporting key hiring controls is incomplete or not retained.** Documentation of the hiring process was considered a high-risk area, and therefore 60 samples were tested for each testing population. Position authorization was missing for 43 of 52 hires tested, scoring plan approval for 58 of 60, minimum qualification review for 31 of 60, and background check documentation for 28 of 60. Posting waiver documentation was missing for 46 of 60 non-competitive hires. Of the 906 posting waivers observed, 60 were selected for testing, with 10 being related to executive hires. None of the 10 executive hires sampled had a documented conflict-of-interest disclosure, a complete hiring package, or documented offer authority.

3. **Applicant tracking system access controls are not adequately governed.** The audit identified 72 separate users in the Online Hiring Center, 11 in Insight, an administrator account inactive since 2011, and 72 users holding both the Approver and Hiring Manager roles. These conditions increase the risk of unauthorized access or activity and create segregation-of-duties and information security risks within the City's applicant tracking system.

In addition to audit findings within HR, two observations related to the Hiring Process were identified:

1. **Interdepartmental process breakdown contributes to hiring timeliness issues.** Coordination across HR, hiring departments, Finance, and the Mayor's Office is inconsistent, causing hiring activities to occur out of sequence, documentation to be uploaded inconsistently, and significant delays at key cross-departmental approval.

2. **Limitations in NeoGov contribute to the lack of transparency and accountability in the hiring process.** The NeoGov applicant tracking system lacks the functionality needed to monitor and enforce hiring process contributing to undetected documentation deficiencies, limiting oversight, and auditability.

We recommend that HR establish a single citywide hiring procedure; require and monitor documentation at each stage of the hiring process, particularly for posting waivers and executive hires; and perform documented, periodic reviews of applicant tracking system access, including prompt removal of separated employees. Sustaining the City's timeliness gains while making its hiring decisions defensible will also require hiring departments to share accountability for the steps they control. HR management has provided corrective action plans for all three findings, with completion targeted by June 30, 2027.

AUDIT REPORT

INTRODUCTION

The Office of the City Controller's Audit Division has completed a performance audit of the Human Resources Department's ("HR" or "the Department") hiring process for non-uniformed employees including executive hires. The audit was included in the annual audit plan for Fiscal Year ("FY") 2026.

BACKGROUND

The City of Houston's hiring process operates within a centralized HR structure serving a workforce of more than 22,000 employees. The People and Client Services (PCS) Division performs the core hiring functions. Talent Acquisition partners with departments to identify staffing needs and source candidates; Pre-Employment Services manages screenings and background checks between selection and employment; and Shared Services executes personnel actions and records them in the City's ERP (SAP) system. Supporting divisions include Compensation, which maintains job classifications and pay structures; HR Information Management (HRIM), which administers the systems and workflows supporting recruitment; Civil Service and EEO, which address labor and legal compliance; and HR Operations, which supports departments throughout the hiring lifecycle.

The City has pursued HR modernization through the HROne initiative and the adoption of SAP SuccessFactors, intended to strengthen compliance, improve data reliability, and shift HR from a transactional to a strategic function. Within PCS, leadership realignments and an integrated cluster structure were introduced to improve transparency and consistency, supported by new teams focused on quality, compliance, intake, and administrative support.

Key improvements remain unrealized. Hiring continues to run through NeoGov, the City's applicant tracking system, which interfaces only partially with SAP. During its 2023–2026 transformation, HR determined that integrating hiring into SuccessFactors Employee Central would improve data flow, documentation, and transparency. HR requested Capital Improvement Plan (CIP) funding for FY2027 to transition away from NeoGov. That request was denied during central CIP prioritization, leaving HR to operate within existing system limitations that require manual workarounds.

Under the HR People Strategy 2026–2030, HR adopted a 45-business-day time-to-fill target. Meeting that target requires consistent execution by departments, hiring managers, and HR divisions alike. As discussed below, system constraints, process inconsistencies, and varying departmental engagement continue to affect the City's ability to meet that objective

AUDIT OBJECTIVES AND SCOPE

The objectives of the audit were to:

1. Compliance: Determine whether HR's hiring activities conformed to applicable laws, regulations, and policies;

2. Control Testing: Assess the design and operating effectiveness of controls over requisition approval, posting, minimum qualifications, screening and testing, interviewing and scoring, background checks, offers, and onboarding;
3. Efficiency: Evaluate the efficiency and timeliness of the hiring process and benchmark results against peer municipalities; and
4. Retention: Verify that documentation and evidence supporting hiring decisions were sufficient, appropriate, and retained.

The scope of the audit covered FY2023 through the third quarter of FY2026 and included non-uniformed positions, including executive hires. Uniformed classified positions within the Houston Police Department and Houston Fire Department were excluded from the scope.

CONCLUSION

The City has improved the speed of its hiring process, but it cannot consistently demonstrate that hiring decisions were properly authorized, fairly evaluated, or supported by required screening. Improvements in timeliness have outpaced the controls, documentation, and accountability needed to demonstrate that the hiring process operates consistently and as intended.

Compliance. HR generally followed the required sequence of hiring steps. However, compliance with applicable requirements could not be consistently verified for a significant portion of hires tested because supporting documentation was missing or incomplete. As a result, the City cannot consistently demonstrate that required approvals, evaluations, and pre-employment activities were completed as required.

Control Testing. Key hiring controls are generally well designed, but many could not be demonstrated to operate effectively in practice. Eight (8) of the 17 control attributes tested had exception rates of 75 percent or higher. Approved authorization documentation was unavailable for 83% of the samples, and scoring plan approval was missing for 97%. Documentation supporting non-competitive hiring was also significantly deficient and represented the highest-risk exposure identified during the audit. In addition, access controls over the applicant tracking system were not adequately governed. Audit identified dormant administrator accounts, separated employees who retained access, and inappropriate combinations of system roles.

Efficiency. Average time to fill improved from 94 business days in FY2023 to 42 business days in Q3 FY2026, meeting HR's 45-business-day target and comparing favorably with peer municipalities. However, hiring timeliness varied significantly across departments. The largest delays occurred during stages dependent on hiring department action, particularly between candidate referral, interview, and final hiring authorization. Hiring workload was also unevenly distributed among Talent Acquisition Specialists, resulting in substantial differences in caseloads across departments.

In addition, NeoGov does not capture detailed step-level timestamps, and interview dates were missing from 60% of candidate records reviewed. These system and data limitations prevent HR

from reliably determining where delays occur within the hiring process, measuring performance at each stage, and holding responsible departments accountable for timely action.

Retention. Documentation supporting hiring decisions was not sufficient or consistently retained. Gaps were identified at every control point tested. As a result, the City cannot consistently demonstrate that required approvals, candidate evaluations, background screening, posting waivers, and other key hiring activities were completed and properly supported.

Sustaining the timeliness gains and making the process consistent, transparent, and defensible will require a single city-wide hiring process, enforceable documentation requirements, stronger system access governance, reliable performance data, and accountability that extends beyond HR to the hiring departments that control key stages of the process. The City has demonstrated that faster hiring is achievable; the remaining challenge is establishing a process that can consistently produce timely, controlled, and supportable hiring decisions across all departments.

ACKNOWLEDGMENT

We would like to thank HR management and staff for their professionalism, cooperation, and assistance throughout this engagement.

AUDIT TEAM

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DETAILED FINDINGS

FINDING #1: LACK OF A STANDARDIZED CITY-WIDE HIRING PROCESS

RISK RATING

High

BACKGROUND

Written operational procedures provide guidance on how organizational processes are to be executed, supporting consistency, operational effectiveness, and compliance with regulatory requirements and industry standards. They serve as the authoritative reference for employees and help ensure that critical activities such as hiring are performed in a controlled and standardized manner.

CRITERIA

HR processes should be designed in accordance with applicable federal requirements, industry standards, and recognized best practices. While no regulation mandates a single hiring platform, the following require centralized, standardized, and consistently documented hiring procedures:

- Equal employment and nondiscrimination requirements that expect employers to apply hiring practices uniformly (29 CFR Part 1607 – Uniform Guidelines on Employee Selection Procedures).
- Recordkeeping and documentation standards that require organizations to maintain complete and accurate hiring records (29 CFR 1602 – Recordkeeping and Reporting Requirements under Title VII, the Americans with Disabilities Act (ADA), Genetic Information Nondiscrimination Act (GINA) and Pregnant Workers Fairness Act (PWFA).

DETAILED FINDING

During testing, we observed the City does not have a comprehensive, standardized hiring procedure governing the end-to-end hiring process. As a result, Talent Acquisition Specialists and hiring departments use different practices and documentation requirements for key activities such as job posting approval, scoring plans, candidate selection, and background verification. Hiring activities are performed inconsistently across departments, requiring HR to spend additional time interpreting requirements, correcting deficiencies, and reconciling different practices. This also limits HR's ability to effectively monitor hiring timeliness, identify process bottlenecks, and hold departments accountable for completing required activities.

Inconsistent processes increase the risk that similarly situated candidates are evaluated or documented differently, required hiring activities are omitted or inadequately documented, and records are not consistently retained. This can create compliance and defensibility risks while also contributing to avoidable delays in filling positions and increasing the administrative effort required from HR and hiring departments. Without a standardized and controlled hiring process, the City may be unable to demonstrate that hiring decisions were made consistently, fairly, and in accordance with applicable requirements. In a worst-case scenario, inconsistent hiring practices or inadequate documentation could contribute to a successful discrimination or other employment-related claim, resulting in financial liability, reputational damage, and reduced confidence in the City's hiring practices.

RECOMMENDATION

The HR Department should:

- Develop, implement, and monitor a comprehensive Administrative Procedure or Standard Operating Procedure (SOP) defining the end-to-end hiring process, that establishes standardized requirements, roles and responsibilities, required documentation, approval points, and record-retention requirements. Once implemented, HR should periodically review compliance with the procedure and analyze hiring data to identify recurring exceptions, delays, and departmental variations requiring corrective action.
- HR should establish a single, authoritative location containing current hiring procedures, templates, checklists, approval requirements, and supporting guidance. Talent Acquisition Specialists and hiring departments should be directed to use the repository as the official source for hiring requirements.
- Until a comprehensive procedure is finalized, HR should issue standardized interim guidance identifying the required steps and documentation for key hiring activities, including job posting approval, scoring plan approval, candidate selection, interview documentation, and background verification. The guidance should clearly identify which activities are mandatory, who is responsible, and what documentation must be retained.
- Provide training to relevant staff and periodically review the procedures to confirm they remain current, effective, and aligned with regulatory requirements and industry practice.

MANAGEMENT RESPONSE

Standard Operating Procedures

HR has launched the Human Resources Standard Operating Procedures Governance Council and Committee (HR SOP-GC) which will facilitate the following items:

- Provide executive oversight and continuity in SOP development
- Standardize processes aligned with HR Policy 80-03: Requirement of Standard Operating Procedures
- Clear hiring process methodology prioritizing red-level, high-risk procedures

Centralized Repository

HR SOP-GC has built a unified repository currently housed in Microsoft Teams with migration plans to SharePoint for improved governance. People and Client Services (PCS) will facilitate the following:

- Create PCS Insite SharePoint Site
- Integrate, Sops, templates, training modules, and communications into the hub
- Develop the PCS Learn and Transformation Training Initiative to strengthen HR SOP literacy and sustain continuous improvement.

Administrative Procedures and Department Policies

HR is consolidating approximately 20 fragmented hiring-related Administrative Procedures, Executive Orders, and Mayoral Policies into one comprehensive Hiring Process Administrative Procedure. The Hiring Process AP will perform the following:

- Standardize requirements across all City departments

- Identify ownership and maintain quality reviews
- Provide mandatory compliance training
- Align technology, policies, SOPs, and workflow expectations

In addition, HR will revise rescinded departmental policies (HR Policy 80-04, HR Policy 80-05, the Interview SOP) and align operations to HR Policy 80-19 to reflect modern hiring practices enabled by HROne.

RESPONSIBLE PARTY	**ESTIMATED DATE OF COMPLETION**
Chief Transformation Officer, Dr. Crystal Bessix	June 30, 2027

ASSESSMENT OF RESPONSE

Management's response, as presented, adequately addresses the identified issue. As such, the proposed corrective action plan is appropriate.

FINDING #2: INSUFFICIENT DOCUMENTATION ACROSS THE HIRING PROCESS

RISK RATING

High

BACKGROUND

The City's hiring process consists of several interrelated stages, each of which relies on specific documentation to evidence that hiring decisions are properly authorized, transparent, and compliant with City policy and applicable regulations.

We tested documentation at four control points in that process:

- **Authorization and requisition**
  A department must obtain an approved Authorization Memo (AM) or, prior to the 2025 hiring freeze, a Staffing Efficiency Assessment (SEA), approved by the Mayor's Office, Finance, and HR, before a requisition may be created.

- **Posting and disposition**
  The department hiring manager and HR's Talent Acquisition Specialist conduct an information gathering session to initiate posting. Candidates are dispositioned, subjected to a minimum qualifications review, and referred for interview.

- **Conflict of interest and posting waiver**
  Candidates disclose relatives employed by the City through NeoGov. Where a position is filled without competitive posting, HR must obtain an approved job posting waiver, a complete hiring package, HR Director approval, and documented restricted offer authority on the Certified Job Offer (CJO).

- **Onboarding verification**
  Following selection, HR's Onboarding Verification Services team obtains and retains Form I-9, Form W-4, background verification, offer communication, and other pre-employment documentation prior to the start date.

Prior to testing, we identified two populations related to the identified controls in the hiring process. The first was the total number of hires during the audit period in which samples were stratified across the pre and post Fiscal Year 2025 hiring. These sample were stratified due to the hiring process changing after the implementation of the hiring freeze. This population was used to obtain samples from the authorization and requisition, posting and disposition, and onboarding verification control points.

The second population was comprised of employees hired via posting waiver, used in the posting waiver and conflict of interest testing, which samples were stratified across the executive and non-executive employees. These samples were stratified to determine if the procedures for using posting waivers were consistent across both executive and non-executive hires.

CRITERIA

Hiring activities must be supported by documentation sufficient to demonstrate that required approvals, verifications, and reviews were performed, and that documentation must be retained for defined periods. The following establish the basic requirements:

- Equal employment and nondiscrimination requirements that expect employers to apply hiring practices uniformly (29 CFR Part 1607 – Uniform Guidelines on Employee Selection Procedures).
- Recordkeeping and documentation standards that require organizations to maintain complete and accurate hiring records (29 CFR 1602 – Recordkeeping and Reporting Requirements under Title VII, the Americans with Disabilities Act (ADA), Genetic Information Nondiscrimination Act (GINA) and Pregnant Workers Fairness Act (PWFA)).

DETAILED FINDING

During our testing, we observed the City cannot consistently demonstrate that required hiring approvals, evaluations, conflict-of-interest safeguards, and pre-employment screening were completed and documented. Specifically, 8 of 17 documentation attributes had exception rates of 75 percent or higher, with the most significant deficiencies occurring in authorization, posting/disposition, and non-competitive hiring documentation. Missing documentation prevents HR from verifying that critical hiring controls were performed.

The City is frequently unable to establish that hiring decisions were properly authorized, that candidates were evaluated using predetermined criteria, that non-competitive hires were appropriately approved, or that candidates met minimum qualifications and underwent required screening. This creates significant compliance and governance exposure and is particularly concerning for non-competitive hiring, which the audit identified as the highest risk exposure.

SUMMARY OF TESTING RESULTS BY CONTROL POINT

CONTROL POINT	ATTRIBUTES TESTED	ATTRIBUTES WITH EXCEPTION RATES ABOVE 75%	AVERAGE EXCEPTION RATE RANGE
Authorization and requisition	3	3	87%
Posting and disposition	4	3	67%
Conflict of interest and posting waiver	4	2	67%
Onboarding verification	6	0	35%
Total	**17**	**8**	**59%**

Authorization and Requisition

All three attributes failed at 83 percent or above. Approved Authorization Memos (AM) or Staffing Efficiency Analysis (SEA) documentation was unavailable in 43 of 52 samples. Because the AM and SEA authorize a position to be filled at all, HR cannot demonstrate that most positions tested were authorized before recruitment began.

Control (Document)	Exceptions	Exception Rate	Pre-Freeze	Post-Freeze
Information Gathering Verification (Requisition details tied to Information Gathering Checklist)	50 of 52	**96%**	38 of 40 (95%)	12 of 12 (100%)
Hiring Authorization (Approved AM or SEA)	43 of 52	**83%**	32 of 40 (80%)	11 of 12 (92%)
Salary Verification (Requisition and job posting tied to AM / SEA)	43 of 52	**83%**	32 of 40 (80%)	11 of 12 (92%)

**Population tested was 52 instead of 60 due to 8 internal seasonal/temporary samples not applicable during testing for attribute.*

Posting and Disposition

Scoring plan approval was missing in 58 of 60 samples. Scoring plans establish how candidates are evaluated, so without documented approval the City cannot demonstrate that evaluation criteria were set before candidates were assessed. Authorized requisitions, in contrast, were present in all but 2 of 60 samples.

Control (Document)	Exceptions	Exception Rate	Pre-Freeze	Post-Freeze
Scoring Plan (Scoring plan was properly approved by the Hiring Department)	58 of 60	**97%**	43 of 45 (96%)	15 of 15 (100%)
Communication of Hiring Process Timeline (Information Gathering Checklist obtained from the Hiring Department)	55 of 60	**92%**	41 of 45 (91%)	14 of 15 (93%)
Job Posting Accuracy (Job posting was properly approved by the Hiring Department)	45 of 60	**75%**	38 of 45 (84%)	7 of 15 (47%)
Authorized Requisition (TAS performs Quality Control review and Authorization of Requisitions)	2 of 60	**3%**	2 of 45 (4%)	0 of 15 (0%)

Conflict of Interest and Posting Waiver

Posting waiver documentation was unavailable in 46 of 60 samples, so we could not verify that exemption from competitive posting was approved by the Mayor or the Mayor's designee or confirm HR Director approval. Every Executive hire sampled lacked documented restricted offer authority, a complete hiring package, and a conflict-of-interest disclosure. These are the specific controls designed to prevent preferential hiring.

Control (Document)	Exceptions	Exception Rate	Non-Executive	Executive
TAS performs Quality Control review and Authorization of Requisitions (Job posting waiver with waiver justification was properly approved by the HR Director)**	46 of 60	**77%**	45 of 50 (90%)	1 of 10 (10%)
Candidate Offer (Job Offer was communicated and authorized by the appropriate HR personnel)	46 of 60	**77%**	36 of 50 (72%)	10 of 10 (100%)
Executive Hiring Package (Complete hiring package maintained by HR)	37 of 60	**62%**	27 of 50 (54%)	10 of 10 (100%)

Control (Document)	Exceptions	Exception Rate	Non-Executive	Executive
Undisclosed Conflict of Interest (Conflict-of-interest (COI) disclosure included in hiring package)	30 of 60	**50%**	20 of 50 (40%)	10 of 10 (100%)

** Waiver existence, waiver justification, and HR Director approval were tested together; the same 46 of 60 result applies to all three attributes.

Onboarding Verification

Exception rates here were the lowest of the four but bear directly on pre-employment vetting. Background check documentation was unavailable in 28 of 60 samples and evidence of minimum qualification review in 31 of 60, so we could not determine whether those candidates were screened or met the published minimum qualifications.

Control (Document)	Exceptions	Exception Rate	Pre-Freeze	Post-Freeze
No Sample Documentation Provided	6 of 60	**10%**	4 of 45 (9%)	2 of 15 (13%)
Candidate Verification (Evidence of review of all applicant minimum requirements)	31 of 60	**52%**	23 of 45 (51%)	8 of 15 (53%)
Onboarding (Pre-employment documentation was obtained before employee start date)	20 of 42**	**48%**	17 of 31 (55%)	3 of 11 (27%)
• *Missing Key Forms: I-9 and W-4*	12 of 42	**29%**	11 of 31 (35%)	1 of 11 (9%)
Candidate Verification (Background check documentation was properly obtained timely)	28 of 60	**47%**	24 of 45 (53%)	4 of 15 (27%)
• *Background check exceeded one month*	7 of 60	**12%**	7 of 45 (16%)	0 of 15 (0%)
Onboarding (Evidence of communicated offer maintained)	24 of 60	**40%**	22 of 45 (49%)	2 of 15 (13%)
Candidate Verification (Applicants authorize HR to conduct background check within the applicant system)	8 of 60	**13%**	4 of 45 (9%)	4 of 15 (27%)

*** Population tested was 42 rather than 60 because 18 internal candidate position samples were not applicable to this attribute. Indented rows are components of the attribute above them and are not counted separately.*

The exceptions above produce three distinct risk exposures:

1. **Authorization cannot be demonstrated.**
   For most positions tested, the City cannot show that the position was approved before recruitment began or that evaluation criteria were set before candidates were assessed.

2. **Non-competitive hires cannot be substantiated.**
   The City cannot show that positions filled without posting were properly exempted or free of undisclosed relationships. This is the highest risk exposure identified in the audit.

3. **Pre-employment vetting cannot be verified.**

For the affected hires, the City has no record that the candidate was screened or met the published minimum qualifications, and no records to defend the selection if it is later challenged.

Two structural conditions established elsewhere in this report contribute to the exceptions. First, no comprehensive Administrative Procedure defines what documentation is required at each stage, who is accountable for obtaining it, or where it is retained (Finding #1). In its absence, departments and Talent Acquisition Specialists apply individual practices. Second, NeoGov does not enforce required fields or record step-level timestamps (Observation #2), so the system can neither prevent a stage from advancing without its documentation nor identify the omission afterward.

RECOMMENDATION

HR should implement a unified set of processes to maintain complete, accurate, and timely documentation across the hiring lifecycle. Recommendations are grouped by the control point they address:

Authorization and Requisition & Posting and Disposition

- Require that Authorization Memo or Staffing Efficiency Analysis approvals be obtained and documented, and that a standardized Information Gathering Checklist be completed, prior to creating requisitions or job postings; and
- Establish documented periodic supervisory reviews to verify that posting, disposition, and requisition documentation is complete and aligned with approved authorization records.

Conflict of Interest and Posting Waiver

- Ensure job posting waivers, waiver justifications, complete hiring packages, HR Director approvals, conflict-of-interest disclosures, and restricted offer authority on the CJO are consistently obtained, approved, and retained in employee personnel files, with monitoring to confirm completeness before extending offers.

Onboarding Verification

- Implement standardized requirements for the completion, verification, and retention of onboarding documentation, including Certify and Submit forms, background check records, offer communications, and pre-employment documentation; and
- Evaluate the performance of the third-party background check provider against required timeliness standards, including monitoring service-level expectations, identifying causes of delay, and implementing corrective action when performance does not meet requirements.

All Control Points

- Evaluate and remediate system limitations within NeoGov or implement compensating manual processes where system changes are not feasible, so that critical hiring activities are documented, time-stamped, and retained.

- Reinforce training and communication with Talent Acquisition Specialists and hiring departments regarding documentation expectations for both executive and non-executive positions and implement monitoring to identify missing or late documentation and enforce accountability for noncompliance.

MANAGEMENT RESPONSE

Staffing Efficiency Assessment (SEA) and Authorization Documentation

HR is collaborating with FIN and HITS on the Position Control & Authorization Process, focusing on modernizing how position changes, funding validations, and posting readiness activities are initiated, reviewed, and approved. This process includes implementing workflow automation tools to streamline routing, reduce redundant documentation, strengthen funding and classification accuracy, and ensure end-to-end transparency from initiation to HR-PCS.

Periodic Supervisory Reviews

The PCS Shared Services core team has been repositioned as PCS Quality & Compliance and embedded within each CRM cluster for real-time auditing and oversight. Enhanced supervisory controls will verify job posting accuracy, disposition completeness, requisition documentation, and hiring package consistency.

Waivers, Hiring Packages, and Approvals

HR has strengthened documentation standards by:

- Creating new job posting waiver templates and official guidance
- Standardizing approval chains in accordance with Municipal Code Chapter 14
- Initiating the Department Files & OnBase Audit Project to improve record integrity and retention
- Developing a new Hiring Package Checklist with multilayer approvals to ensure all proper documentation including the Conflict-of-Interest disclosure is completed and verified. The Talent Acquisition supervisor will review all Hiring Packages, complete the Hiring Package Checklist for authorization, with final approval by the PCS Quality & Compliance team members and Client Relations Manager.
- Replacing Docusign for job offers with NeoGov to ensure controlled, consistent workflows.

Background Check Provider Performance

HR transitioned to Accurate Background, LLC as the background check provider on August 18, 2026, with expectations of improved vendor reliability and performance, turnaround time, and service-level monitoring.

Completion, Verification, and Retention of Preboarding Documentation

HR has repositioned onboarding tasks into the preboarding stage under Acquisition Intake to ensure documentation accuracy for Form I-9, W-4, and other regulatory materials. Verification templates, employment history guidance, and supervisory reviews will facilitate compliance and ensure completeness within OnBase. In addition, HR has launched the New Employee Experience (NEX) to streamline the preboarding stage ensuring all necessary documents are complete and verified in advance of the in-processing stage and Departmental onboarding.

NeoGov System Limitations and Interim Solutions

During the 2023 HROne implementation, HR was informed mid-year that integration with NeoGov would not be possible, limiting a key opportunity to streamline the hiring process. Although funding for SuccessFactors Onboarding/Recruiting was deferred, HR has initiated an interim improvement plan that includes appointing a new NeoGov System Administrator, establishing a cross-functional optimization team, realigning workflows, permissions, and notifications, and configuring NeoGov fields to support end-to-end hiring lifecycle tracking. The plan also incorporates integration with the Onboard module rollout and ongoing systems training to ensure competency and standardization.

Training, Communication, Monitoring, and Accountability

In March 2026, HR launched the Above the Line Accountability Initiative which reinforces the expectations for Talent Acquisition Specialists. Corrective actions, monitoring requirements, and documentation standards are embedded into performance management and PCS division culture.

RESPONSIBLE PARTY	**ESTIMATED DATE OF COMPLETION**
Chief Transformation Officer, Dr. Crystal Bessix	June 30, 2027

ASSESSMENT OF RESPONSE

Management's response, as presented, adequately addresses the identified issue. As such, the proposed corrective action plan is appropriate.

FINDING #3: INAPPROPRIATE NEOGOV ACCESS

RISK RATING

Medium

BACKGROUND

The hiring process is supported by the NeoGov applicant tracking system, which includes two primary modules: Insight, used by Talent Acquisition Specialists to manage applicant screening and recruitment; and the Online Hiring Center (OHC), used by departmental hiring managers to review candidates, initiate hiring actions, and facilitate workflow approvals. Because these modules support sensitive hiring and personnel decisions, effective user access controls are necessary to ensure segregation of duties and prevent unauthorized system activity.

HR Information Management (HRIM) generates Weekly Separation Reports, which serve as a key input control for identifying separated employees and ensuring their NeoGov access is removed. The report is distributed to stakeholders, including HR staff, who are responsible for validating the separation data and ensuring related accounts are deactivated. As employees transfer between departments or leave City employment, timely access removal is critical to preventing inappropriate access, data manipulation, or continued system activity by former employees.

CRITERIA

User access to NeoGov Insight and the Online Hiring Center must comply with City of Houston Information Technology Services (HITS) Executive Order 1-48, Information Technology Security, Sections 6.4.1.1, 6.4.1.3, and 6.4.1.4. Collectively, these provisions require departments to assess risks associated with unauthorized access to information systems and to implement appropriate security protections and procedures to reduce those risks to an acceptable level.

Consistent with those requirements, Weekly Separation Reports must be reviewed, documented, and acted upon so that separated employees' access is promptly removed. Access listings should accurately reflect current employees; role assignments must align with job responsibilities; and privileged or administrative access should be restricted, monitored, and periodically reviewed. System actions, access changes, and supervisory reviews must be supported by an audit trail demonstrating effective oversight.

DETAILED FINDING

NeoGov user access controls did not operate effectively in any area reviewed. Access was not consistently limited to current employees or to the functions their jobs require. HR also could not show that access was monitored or that exceptions were resolved. These conditions weaken segregation of duties and limit the City's ability to show compliance with Executive Order 1-48.

Weekly Separation Reports

HR generated and distributed the Weekly Separation Reports during FY2023 through Q3 FY2026. However, we did not observe documentation showing that the NeoGov system administrator or a designated supervisor reviewed or acknowledged receipt of these reports, and no audit trail was available demonstrating that access removals or user deactivations were

completed in response to each week's separation listing. Because the Weekly Separation Reports function is a key input control for removing system access, the absence of documented review limits evidence that the process operated as intended.

NeoGov Insight User Access

Active accounts for separated employees and dormant privileged accounts allow access to sensitive applicant data by people who no longer have a business need for it. Unnecessary administrative rights increase the risk that applicant records or system settings could be changed without detection. The Insight user listing contained 417 users, of whom 180 were active. We identified the following:

- 11 users (6% of active accounts) had Administrator privileges, including two NeoGov-associated system accounts.
- One Administrator account had no recorded login activity since August 25, 2011, indicating dormant privileged access.
- 11 non-administrator users held elevated "Analytical Admin" rights not aligned with typical job functions.
- 61 separated employees appeared on the Insight access listing, including 11 that were listed as active users on the listing.

NeoGov Online Hiring Center (OHC) User Access

Holding both the Approver and Hiring Manager roles allows one user to initiate and approve the same hiring action, which defeats the purpose of a separate approval. Active separated users and broad departmental affiliations increase the risk that hiring actions could be initiated, changed, or approved by people without current authority. We identified the following:

- 34 users appeared 20 or more times in the listing, indicating possible duplication or overly broad departmental links.
- 75 users had Approver roles, and 72 users were assigned both Approver and Hiring Manager roles.
    - 15 of those 72 dual-roles users appeared multiple times in the access listing.
- 20 elevated-access users had never logged in.
    - 10 of those 20 users had not logged in since before July 31, 2023.
- 72 separated employees were identified as "Active" on the OHC user access list that could have potentially resulted in 146 instances of inappropriate access assignments among terminated individuals.

RECOMMENDATION

The HR Department, in coordination with HITS and the NeoGov system administrator, should strengthen user access controls within Insight and the Online Hiring Center by:

- Establishing a formal, documented review process for Weekly Separation Reports that includes verification that access removals were completed;
- Conducting periodic, documented reviews of all user accounts to identify and remove separated employees, dormant accounts, duplicate accounts, and users with inappropriate role combinations;

- Validating the necessity of “Administrator” and “Analytical Admin” rights and removing outdated or unnecessary elevated access;
- Aligning role assignments with users' job responsibilities and eliminating duplicate or overly broad departmental affiliations; and
- Retaining documentation of all access changes, deactivations, and supervisory reviews to support ongoing monitoring.

MANAGEMENT RESPONSE

To strengthen access controls and segregation of duties within NeoGov, HR plans to implement the following:

- Transitioned to a new HR-PCS NeoGov System Administrator
- Full review of NeoGov features ensuring HR is maximizing its function and reset of user permissions
- A formal NeoGov User Access Activation & Separation Form
- Same-day removal procedures upon receipt of Weekly Separation Reports
- Quarterly audits of NeoGov access to ensure alignment with workflow responsibilities

RESPONSIBLE PARTY	**ESTIMATED DATE OF COMPLETION**
Chief Transformation Officer, Dr. Crystal Bessix	June 30, 2027

ASSESSMENT OF RESPONSE

Management’s response, as presented, adequately addresses the identified issue. As such, the proposed corrective action plan is appropriate.

MANAGEMENT ACKNOWLEDGMENT STATEMENT

September 29, 2026

Chris Hollins
City Controller
Office of the City Controller

SUBJECT: HUMAN RESOURCES (HR) HIRING PROCESS AUDIT – ACKNOWLEDGMENT OF MANAGEMENT RESPONSES

Management acknowledges responsibility for the operations, processes, and internal controls within the Human Resources (HR) department. Management confirms that it has reviewed the audit report and the associated findings and recommendations.

Management's responses included in this report reflect its position regarding each finding, including agreement or disagreement, and outline planned corrective actions where applicable. Management is responsible for the timely and effective implementation of agreed-upon corrective actions as noted in their management response(s) and for addressing identified issues within the stated timeframes.

Management understands that this report, including its responses, will be finalized and published on the Controller's website.

Sincerely,

DocuSigned by:
23571A9195CB4FE...

Jane Cheeks, Director
Human Resources

APPENDIX 1: OBSERVATIONS

During the audit, we identified several matters for management's consideration that represent opportunities to strengthen internal controls. Taken both individually and collectively, these observations highlight areas where improvements could enhance operational consistency, transparency, and accountability. Notably, several issues extend beyond the HR Department and reflect broader, enterprise-wide control weaknesses that warrant attention at the organizational level.

OBSERVATION #1: INTERDEPARTMENTAL PROCESS BREAKDOWNS

Coordination required for the hiring process is inconsistent across departments. Hiring managers, HR, Finance, and the Mayor's Office do not consistently operate in alignment, resulting in process steps occurring out of sequence and documentation being uploaded inconsistently. The hiring process depends on synchronized action across departmental boundaries: HR administers policy, hiring managers initiate requests and select candidates, Finance validates budgetary compliance, and the Mayor's Office authorizes positions.

Testing results reflect this condition at the two points where the process crosses departmental boundaries. At authorization, the Authorization Memo or Staffing Efficiency Assessment requires approval by the Mayor's Office, Finance, and HR before a requisition may be created; approved AM or SEA documentation was unavailable in 43 of 52 samples (83%), and the requisition and job posting could not be tied to an approved AM or SEA in the same 43 samples (Finding #2, Table 1). At selection, candidates referred to hiring managers waited an average of 22 business days before interview, and an average of 49 additional days elapsed between interview and hire authorization, ranging from 17 to 70 days by department (Appendix 5). Average time to hire among the departments reported ranged from 74 days at Houston Public Works to 137 days at Solid Waste Management, and HR identified receiving the selection back from the hiring manager as its most significant hiring challenge (Appendix 5).

This observation is presented separately from Finding #1 because the coordination points described are controlled by departments other than HR, and a city-wide hiring procedure alone would not resolve them without corresponding accountability at the departmental level.

OBSERVATION #2: NEOGOV LIMITATIONS

The NeoGov applicant tracking system does not capture the data required to monitor compliance with the hiring process. NeoGov tracks applicants by stage but does not maintain verifiable timestamps for each step, does not enforce completion of required documentation before a stage advances, and interfaces only partially with SAP, requiring manual workarounds.

These limitations affected the audit's own procedures and are identified as a contributing cause in Finding #2. The absence of step-level timestamps prevented us from independently determining the timeliness of applicant disposition (Finding #2). Interview dates were absent from 60 percent of the candidate records analyzed, limiting the timeliness analysis (Appendix 5). Because the system does not enforce required fields, it can neither prevent a hiring stage from

advancing without its supporting documentation nor identify the omission afterward, which is the mechanism by which the exceptions in Finding #2 went undetected. Remediation of the system limitations is addressed in the Finding #2 recommendation.

This observation is presented separately because the condition is sustained by a decision made outside the HR Department. During the 2023 HROne implementation, HR was informed that integration with NeoGov would not be possible. HR subsequently requested Capital Improvement Plan funding for FY2027 to transition hiring into SuccessFactors Employee Central; that request was denied during central CIP prioritization, and HR continues to operate within the existing system.

APPENDIX 2: INTERNAL CONTROLS

Internal controls are processes established by management to provide reasonable (not absolute) assurance that the organization's objectives will be achieved. Our work included procedures to identify the internal controls that were significant to the objectives of this audit and to determine the effectiveness of those controls. A deficiency in design exists when (a) the control is missing entirely or (b) the control is in place but is not properly designed. A deficiency in operation exists when (a) the control is properly designed but does not operate as designed or (b) the person performing the control does not possess the necessary competence to perform the control effectively.

We identified six (6) design deficiencies and 15 operating deficiencies. In total, 31 of 37 controls (84%) were appropriately designed; however, only 22 of 37 (59%) operated as intended. These results indicate control gaps that heighten the risk of unsupported hiring transactions and insufficient oversight.

The City's Hiring Process key controls related to this audit were categorized as follows:

- **Policies and Procedures**
  - Establishment of policies and procedures designed to guide the HR Hiring Process.
- **Authorization and Approval**
  - Controls over job posting authorization.
  - Controls around approval of candidates for hire.
- **Document and Recordkeeping**
  - Controls over position requisition, position posting, and selection including retention of supporting documentation.
- **Segregation of Duties**
  - Controls over separation of the functions relating to selection, review, and approval of applicants.

The scope of our work did not constitute an evaluation of the overall internal control structure of the City or that of HR Hiring Process. Management is responsible for establishing and maintaining a system of internal controls to ensure City assets are safeguarded, financial activity is accurately reported and reliable, and management and employees are following laws, regulations, policies, and procedures. The objectives are to provide management with reasonable, but not absolute assurance that the controls are in place and effective.

APPENDIX 3: HR HIRING PROCESS SUMMARY

STANDARD HIRING PROCESS

The City of Houston's standard hiring process begins with a formal authorization to fill a vacancy, requiring departments to obtain documented approval of funding and position need before initiating any requisition activity. Once authorization is secured, the Talent Acquisition Specialist (TAS) or departmental representative creates the requisition in NeoGov, ensuring position details, classification, salary ranges, and posting parameters align with City policies and the Master Classification Ordinance. An information-gathering session follows, during which TAS validates key job attributes, confirms minimum qualifications, discusses supplemental questions, and establishes posting timelines. This session also sets expectations for recruitment activities, referral volumes, and interview scheduling to help maintain consistency and timeliness across hiring actions.

After the requisition is approved, TAS publishes the job posting for the required minimum posting period and prepares the related evaluation and scoring components within NeoGov. Applicant screening is completed through NeoGov's evaluation steps, where candidates are reviewed against minimum qualifications and position-specific preferences. Qualified candidates are placed on eligible lists and referred to the hiring department according to the agreed referral volume. Departments are responsible for timely review and disposition of candidates, scheduling interviews, and documenting candidate selection decisions. Once a candidate is selected, TAS collects required hiring information, initiates verification steps (including background checks, employment verification, and qualification validation) and prepares the candidate for onboarding.

The onboarding phase begins once verification is complete and a contingent offer is extended. Onboarding Verification Services (OVS) coordinates drug testing, salary confirmation, and submission of hiring documents to Shared Services. HR Operations uses the Employee Central Processing Report to identify new hires requiring system setup, while candidates complete mandatory onboarding forms within NeoGov prior to in-person processing. Employee identity documents are reviewed, required HR forms are verified, and HR Employment Services enters new hires into SAP Employee Central. The hiring action proceeds through an approval workflow including the department, HR leadership, and the Mayor, after which the employee is issued an identification number and the hire packet is formally closed out.

EXECUTIVE HIRING PROCESS

Executive-level hiring follows a similar but more centralized and highly governed workflow, aligned with Administrative Policy 3-5. All executive hiring actions (including postings, waivers, promotions, and acting assignments) are coordinated through the HR Executive Recruiter to ensure consistency and policy compliance. Departments must prepare a standardized executive hiring package containing justification, organizational charts, and relevant candidate materials. The Executive Recruiter reviews the package for completeness and submits it to Compensation for salary analysis. The HR Director then evaluates the package to ensure adherence to executive hiring policy and makes a formal recommendation to the Mayor or the Mayor's designee.

Mayor approval is required for all executive postings, hires, promotions, waivers, and extended acting appointments. When postings are used, the Executive Recruiter manages job advertisement and screening in alignment with City hiring policies. Once a final candidate is identified, only the Executive Recruiter is authorized to extend the formal job offer. After acceptance, personnel actions are routed through centralized HR processing for system entry and onboarding. Acting executive appointments follow the same package preparation and approval requirements and are limited to defined durations unless extended with documented justification and mayoral approval.

APPENDIX 4: PROCEDURES AND STANDARDS

AUDIT PROCEDURES PERFORMED

PLANNING

- Obtained and reviewed applicable laws, City ordinances, administrative and mayoral policies, and HR procedures governing the hiring of non-uniformed positions to establish audit criteria.
- Conducted walkthroughs and interviews with Talent Acquisition Services, Onboarding Verification Services, and HR Information Management to document the hiring process and identify controls significant to the audit objectives.
- Evaluated the design of identified controls and assessed fraud risks relevant to the objectives, including unauthorized hiring, favoritism in selection, and creation of requisitions for ghost employees.
- Assessed the reliability of hiring data extracted from NeoGov and SAP SuccessFactors Employee Central through completeness testing of milestone dates and logical relationship testing of process sequences.

COMPLIANCE (OBJECTIVE 1)

- Tested selected non-uniformed hires for evidence of authorized and timely requisition, compliant job postings, hiring manager approval, established scoring plans, and documented disposition of candidates against minimum qualifications.
- Examined onboarding documentation for completeness and timeliness, including Certify and Submit authorizations, background check results, candidate communications, and employment eligibility forms (W-4 and I-9).

CONTROL TESTING (OBJECTIVE 2)

- Inspected Authorization Memos and Staffing Efficiency Analyses for required approvals prior to requisition and determined whether salary ranges and position classifications on requisitions and postings agreed to the approving documentation.
- Determined whether hires were supported by a submitted application or an approved posting waiver, whether conflict of interest disclosures were obtained, and whether employee records were established through documented SAP SuccessFactors Employee Central approval workflows.
- Determined whether posting waivers met authorized circumstances, were supported by documented justification and required approvals, and, for executive hires, were accompanied by a complete standardized hiring package with appropriate offer authority.
- Obtained user access listings and role assignments from NeoGov and SAP SuccessFactors Employee Central and evaluated them for inappropriate access and segregation of duties conflicts.
- Compared HR termination records to system access listings and reviewed access logs to determine whether separated employees retained access or performed transactions after separation and determined whether required periodic access reviews were performed.

EFFICIENCY (OBJECTIVE 3)

- Analyzed hiring cycle data from NeoGov to calculate total and subprocess durations across requisition approval, posting, screening, interview, selection, offer, and start date, and compared results across departments.
- Analyzed requisition sequencing to identify gaps and obtained explanations for out-of-sequence requisitions.
- Identified peer municipalities, validated their comparability by size and location, administered a benchmarking questionnaire, and compared the City's hiring cycle times to responses received.
- Inquired whether HR performed documented analysis of positions with high turnover and evaluated the adequacy of any analysis provided.

RETENTION (OBJECTIVE 4)

- Determined whether interview, scoring, and selection documentation was retained in NeoGov and sufficient to support hiring decisions and evaluated the consistency of documentation standards across departments.
- Determined whether HR reconciled budgeted positions to departmental active rosters and whether recruitment metrics reported to management and City Council agreed to underlying NeoGov data.
- Reviewed interface documentation, processing logs, and exception reports for the automated NeoGov-to-SAP Employee Central interface and evaluated whether access to interface administration and configuration was restricted and appropriately segregated.

TESTING METHODOLOGY

The Audit Division performed a combination of document examination, interviews and walkthroughs, control testing, data analysis, and benchmarking to evaluate the City's hiring process for non-uniformed employees. Audit procedures were designed to address the engagement objectives related to compliance, internal control effectiveness, efficiency, and documentation and data reliability.

To establish audit criteria, the Audit Division obtained and reviewed applicable laws, City ordinances, administrative and mayoral policies, and Human Resources (HR) procedures governing the hiring of non-uniformed employees. The Audit Division conducted walkthroughs and interviews with Talent Acquisition Services, Onboarding Verification Services, and HR Information Management to gain an understanding of the hiring process, identify key controls, and assess risks relevant to the audit objectives. Fraud risks considered included unauthorized hiring, favoritism in candidate selection, and the creation of requisitions for nonexistent or unauthorized positions.

SAMPLING

To perform control testing, the Audit Division obtained two testing populations totaling 10,039 hires:

Hires - FY2023 – Q2 FY2026 (9,133 hires)

We obtained hire data from NeoGov and determined it was sufficiently reliable for our purposes. We stratified the 9,133 hires by hiring-freeze status, 7,478 pre-freeze (FY2023 – Q2 FY2025) and 1,655 post-freeze (Q3 FY2025 – Q2 FY2026), and randomly selected 60 samples, 45 pre-freeze and 15 post-freeze. Sample size was based on our high-risk assessment.

Posting Waiver Hires (906 hires)

We observed HRIM generate data on hires made through posting waivers from SAP and determined it was sufficiently reliable for our purposes. We stratified the 906 hires by hire type, 154 executives and 752 non-executives, and randomly selected 60 samples, 10 executives and 50 non-executives. Sample size was based on our high-risk assessment.

DATA ANALYSIS

Data analysis was performed using information extracted from NeoGov and SAP SuccessFactors Employee Central. The Audit Division assessed the reliability of the data through completeness testing of milestone dates and logical relationship testing of process sequences. Hiring cycle data was analyzed to calculate total and subprocess durations for key stages of the hiring process, including requisition approval, posting, screening, interviewing, selection, offer, and start date. The analysis was also used to identify out-of-sequence activities and differences in hiring cycle times among departments. Reported hiring metrics were compared to underlying NeoGov data to assess consistency. Data analytics was expanded to include Q3 FY2026 information bringing the total hires reviewed to 12,058 from the sampled hires of 10,039.

PEER BENCHMARKING

To evaluate the efficiency of the hiring process, the Audit Division compared the City's hiring cycle times across departments and benchmarked the City's results against selected peer municipalities. Peer municipalities were evaluated for comparability based on factors such as size and location, and a benchmarking questionnaire was used to obtain information regarding hiring cycle times and related practices. The Audit Division also evaluated whether HR performed documented analyses of positions with high turnover and reviewed the adequacy of analyses provided.

AUDIT STANDARDS

We conducted this performance audit in accordance with the Generally Accepted Government Auditing Standards and in conformance with the Global Internal Audit Standards as promulgated by the Institute of Internal Auditors. 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 provided a reasonable basis for our findings and conclusions based on our audit objectives.

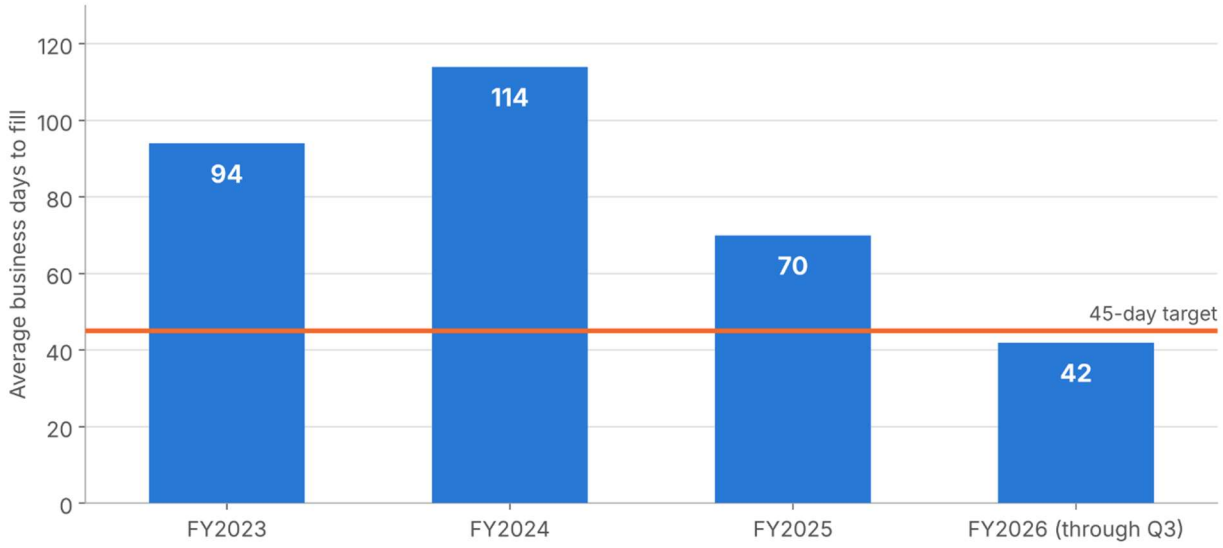
APPENDIX 5: TIMELINESS AND BENCHMARKING

HIRING TIMELINESS

TIME TO FILL

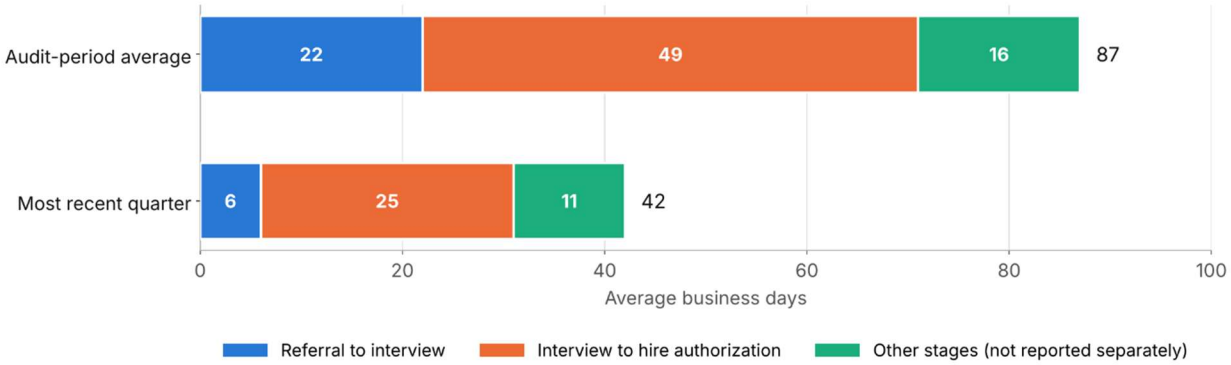
The City processed more than 10,000 hiring requisitions during the audit period. Average time to fill varied materially by fiscal year. The audit-period average of 87 business days was not attributable to a single delay but to variation across sequential stages. Candidates referred to hiring managers waited an average of 22 days before interview. Following interview, an average of 49 additional days elapsed before the hire authorization was finalized; by department, this stage ranged from 17 to 70 days.

AVERAGE TIME TO FILL BY FISCAL YEAR



Performance improved materially in the most recent quarter measured, when average time to fill declined to 42 days. Referral-to-interview time fell from 22 days to six, and interview-to-authorization time fell from 49 days to 25.

COMPOSITION OF AVERAGE ELAPSED TIME, BY STAGE



Workload Distribution

Hiring workload is not distributed in proportion to TAS staffing. The three departments with the highest hiring volume completed 59 percent of all hires using 31 percent of the TAS assignments, an average of 77.2 hires per TAS. The sixteen departments with fewer than 100 hires each completed 14 percent of all hires using 40 percent of the assignments, an average of 14.7 hires per TAS. City-wide, 4,310 hires were completed across 105 TAS assignments, an average of 41.0 hires per TAS.

TAS staffing increases with hiring volume but does so less than proportionally, so higher-volume departments carry a substantially heavier caseload per TAS. The correlation between hires completed and Job TAS assigned is 0.86 across the 25 departments. Houston Public Works and the Houston Airport System illustrate the effect directly: both are supported by 13 TAS, but Houston Public Works completed 1,286 hires and the Houston Airport System 681, producing averages of 98.9 and 52.4 hires per TAS respectively.

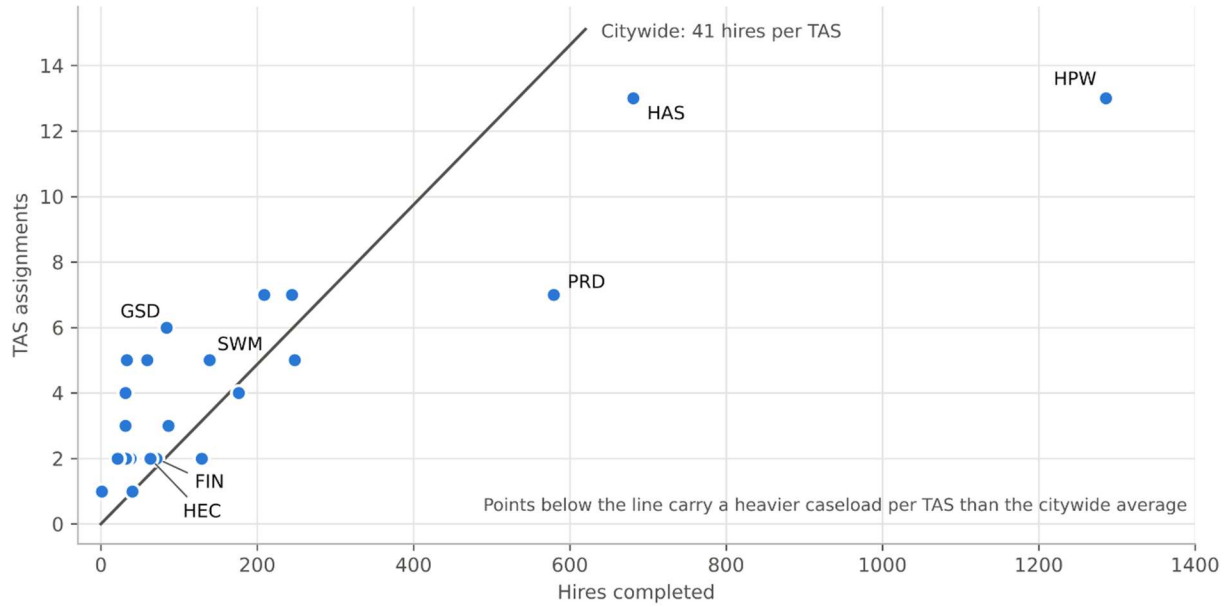
Workload concentration was also observed at the individual level. Fifteen TAS, representing 25 percent of those active during FY2025 through Q3 FY2026, completed more than half of all hiring actions.

Hiring Volume and TAS Staffing, by Volume Tier

Annual Hiring volume	Depts	Hires	% of hires	TAS assignments	% of TAS	Hires per TAS
500 or more	3	2,546	59%	33	31%	77.2
100 to 499	6	1,145	27%	30	29%	38.2
Fewer than 100	16	619	14%	42	40%	14.7
City-wide	25	4,310	100%	105	100%	41.0

Department-level detail is presented in Table 8. Percentages may not sum to 100 due to rounding.

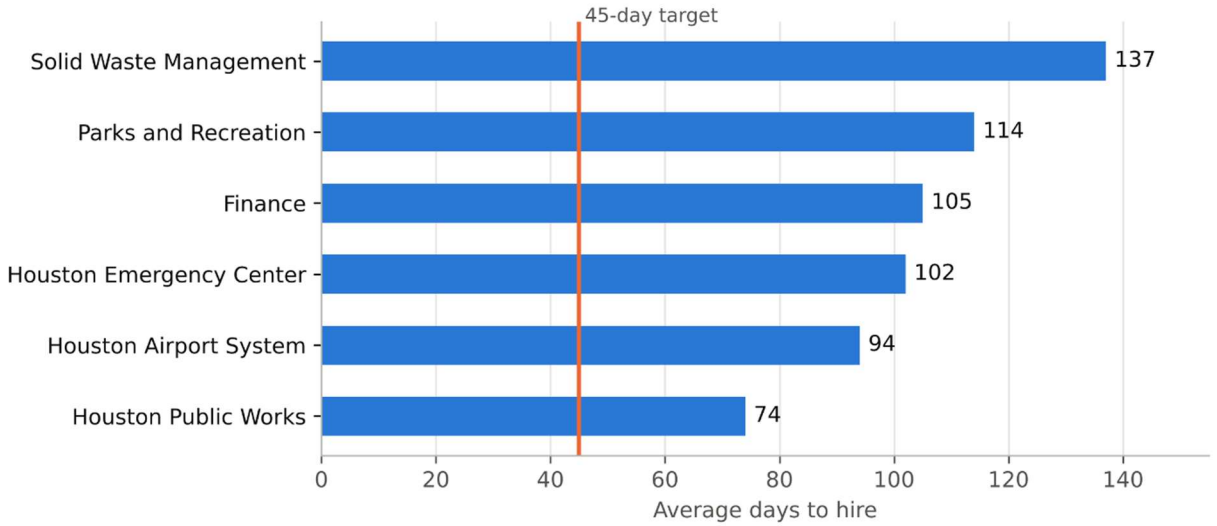
HIRING VOLUME COMPARED WITH TAS STAFFING, BY DEPARTMENT



DEPARTMENTAL VARIATION

Average time to hire varied significantly by department. Houston Public Works averaged 74 business days, the Houston Airport System 94 days, and Parks and Recreation 114 days; together these departments accounted for more than half of all hiring activity. Solid Waste Management averaged 137 business days, Finance 105 days, and the Houston Emergency Center 102 days, while contributing substantially less volume.

AVERAGE TIME TO HIRE, DEPARTMENTS REPORTED



Beginning in FY2025, average time to fill decreased for most departments; Solid Waste Management decreased 55 percent and Parks and Recreation decreased 34 percent over that

period. The Houston Emergency Center was an exception, increasing from an audit-period average of 102 days to 111 days for FY2025 through Q3 FY2026.

Using the median average requisition-to-hire-authorization time of 58 days and the median average hires per TAS of 27.8, most departments clustered near the median on both measures. Two departments were outliers. HPW recorded the highest average hires per TAS while remaining at the median for hire authorization days. The Houston Emergency Center recorded longer hire authorization times while remaining near the departmental median for hires per TAS.

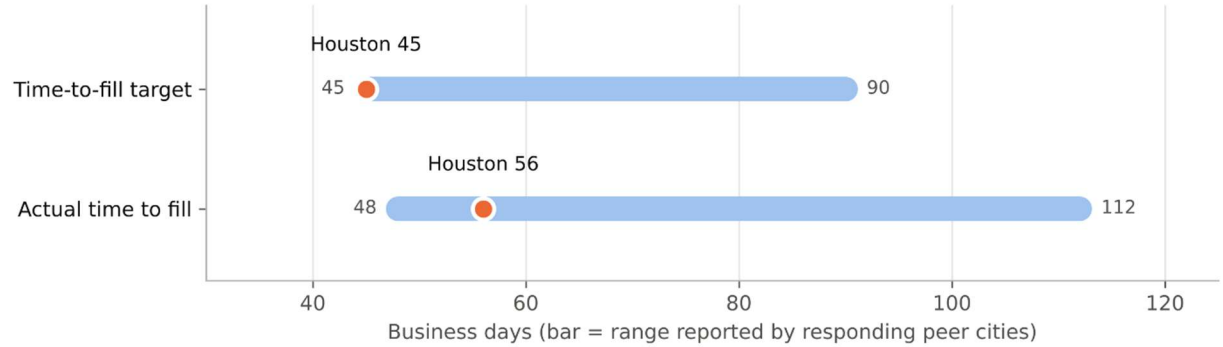
These differences were not driven by legal or regulatory constraints. In the absence of a documented city-wide hiring process, departments developed individual approaches, producing varying levels of review, communication gaps, inconsistent documentation, and extended wait times for candidates and hiring managers. This condition places HR in a reactive rather than governing position, requiring it to administer multiple informal processes concurrently rather than a single unified framework. This analysis supports Finding #1.

PEER BENCHMARKING

To determine whether the conditions observed were unique to Houston or common across large municipalities, HR management identified eight peer cities: Austin, Dallas, San Antonio, Chicago, Jacksonville, Philadelphia, Phoenix, and San Diego. The audit team developed a blind benchmarking survey of seven questions addressing how peers define time to fill, set hiring targets, communicate expectations, and manage delays. Six of the eight cities responded.

Peer time-to-fill targets ranged from 45 to 90 business days; Houston's 45-business-day target is among the most ambitious in the group. Reported peer averages ranged from approximately 48 to 112 business days, placing Houston's reported average of 56 business days in the lower end of the peer range. Peers generally communicate by hiring metrics quarterly through dashboards or performance reports; Houston communicates more frequently and through a wider range of channels.

HOUSTON COMPARED WITH THE REPORTED PEER RANGE



Ranges reflect responses from the six peer municipalities that responded. Individual peer values are not disclosed.

The most common challenge reported by peers was slow departmental responsiveness in reviewing candidates, scheduling interviews, or completing pre-employment steps. Houston

reported the same condition, consistent with the referral-to-interview and interview-to-authorization delays identified in this analysis. These delays are common across municipal recruitment environments and are not isolated to the City's HR Department.

Overall, Houston faces challenges common across peer municipalities. Its targets, communication practices, and recent timeliness improvements compare favorably within the peer group.

PEER BENCHMARKING COMPARISON

CATEGORY	PEER PRACTICES (SUMMARIZED)	CITY OF HOUSTON RESPONSE
DEFINITION OF TIME TO FILL	Peers generally measure either requisition creation to candidate start date, or job posting to offer acceptance. Some track overall vacancy duration instead.	Time elapsed between creation of a requisition and candidate acceptance of the job offer.
TARGET	45 to 90 business days (or two to three months). Two municipal peers do not use formal targets.	45 business days.
ACTUAL PERFORMANCE	48 to 112 business days. Two municipal peers do not specifically track the metric.	56 business days.
COMMUNICATION OF METRICS	Most peers report quarterly through dashboards or reports; others use monthly departmental updates or ad hoc communication.	Frequently.
METHODS OF COMMUNICATING EXPECTATIONS	Dashboards, written HR guidance, supervisor training, HR business partners, and department-specific status reporting.	Written HR procedures and case-by-case communication, supplemented by the HR People Strategy 2026–2030, KPIs aligned with the HR departmental budget, initial information gathering sessions with hiring managers, TAS communications, departmental requests for exceptions to the time-to-fill requirement, weekly or biweekly departmental meetings, and communication through HR executive leadership and Client Relations Managers.
MANAGEMENT OF HIRING DELAYS	Bottleneck identification, streamlined hiring processes, barrier analysis, and workflow improvement.	HR accommodates departmental requests for exceptions.
MOST SIGNIFICANT CHALLENGES	Hiring manager responsiveness, candidate responsiveness, hard-to-fill roles, pre-boarding coordination, and conflicting departmental priorities.	Receiving the selection back from the hiring manager, and delays during pre-employment verification where candidates provide inaccurate or unreliable employment documentation.

Peer responses were summarized by the audit team; the City of Houston column reflects HR's responses as provided.