

# UNIVERSITY OF TOLEDO INTERNAL ADUIT DEPARTMENT RECRUIT, SELECT, AND HIRE EMPLOYEES

## Control practices

The following control objectives provide a basis for strengthening your control environment for the process of recruiting, selecting, and hiring employees. When you select an objective, you will access a list of the associated business risks and control practices. That information can serve as a checklist when you begin reviewing the strength of your current process controls.

This business risk and control information can help you assess your internal control environment and assist with the design and implementation of internal controls. Please note that this information is at the generic business process level and many companies will need to go beyond generic models to address the specific business processes that support the financial and nonfinancial disclosures being made. You can combine the insight of this business risk and control information with your industry-specific knowledge and understanding of your company's environment when conducting internal control assessments and designing and implementing recommendations.

## Effectiveness and efficiency of operations

- A. Persons hired meet management criteria in terms of both skills and numbers.

## Compliance with applicable laws and regulations

- A. Appropriate documentation is maintained in accordance with applicable laws and regulations.

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### **Business risks**

- New employees will not meet the company's hiring criteria, resulting in a workforce that is inappropriate in terms of numbers and/or quality.
- The company's strategic objectives will not be met.
- Efficiency of operations will be reduced.
- Awareness of the company's current human resources will be lacking.
- The number of qualified candidates will be lacking.
- The company will be unaware of its future staffing needs.
- Labor organizations will call for strikes or work slowdowns.

### **Control practices**

1. Investigate and review potential candidates inside the company before considering external candidates.
2. Identify and retrain qualified personnel currently performing other job functions.
3. Maintain information on potential candidates or sources of candidates both within and outside the industry and geographic area.
4. Maintain adequate job descriptions and hiring criteria to assess the qualifications of candidates in relation to the job requirements.
5. Develop appropriate processes for job candidate identification, screening, and hiring practices.
6. Establish networks and candidate sources outside of the local geographical area.
7. Maintain information on acceptable candidates who were not offered the current position.
8. Obtain feedback from new hires and their managers to help improve the hiring process.
9. Use specialists at recruitment agencies to locate potential job candidates and to post open job positions.
10. Ensure human resource personnel have appropriate training and experience prior to being hired.
11. Update future staffing requirements are regularly as part of ongoing business planning.
12. Identify union demands continually, and take reasonable steps to avoid labor disputes.
13. Identify viable alternative sources of labor in the event of a labor dispute.

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## **Business risks**

- Human resource personnel will be unaware of the records that must be retained to demonstrate compliance with applicable laws and regulations.
- The company will violate laws and government regulations, resulting in fines, penalties, lawsuits, or contingent liabilities.
- Records will be lost or prematurely destroyed.

## **Control practices**

1. Require that internal or external experts advise the company on the legal requirements for recruiting, hiring, and compensating personnel.
2. Document written procedures to describe the legal requirements for recruiting, hiring, and compensating personnel.
3. Hold all employees responsible for recruiting, hiring, and provide compensating personnel with appropriate training.
4. File and retain human resource records in accordance with good business practice.