



How to conduct an HR Audit

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Why an Audit



- **The purpose of the HR Audit is to conduct a more in depth analysis of the HR function to identify areas of strength and weakness in your organization and where improvements may be needed**
- **To conduct an audit to review current practices, policies, and procedures**
- **This may include benchmarking against organizations of similar size and/or industry**

Kinds of HR Audits



- **Compliance**
 - Focuses on current federal, state and local law regulations
- **Best Practices**
 - Comparing your company's practices with similar company's HR best practices
- **Strategic**
 - Focus on strengths and weakness of systems and process...and do they align with your company's goals and strategic plan.
- **Function-Specific**
 - A focus on specific area: Payroll, performance reviews, record retention, affirmative action, I-9 compliance, etc.

*From the SHRM web page

Audit areas we will review

- **Management**
- **Hiring**
- **New Employees**
- **Wage & hours**
- **Benefits**
- **Employee Relations**
- **Safety & security**
- **Employee rights & discrimination**
- **Worker's compensation**
- **Employee separation**



Management

- Are HR goals in line with your company and executives?
- Are workweeks identified and defined?
- Are full-time and part-time hours defined?
- Is there open communication from HR to the company and from HR to the executives?



Hiring



- Do you have job descriptions for all positions? Are they up to date?
- Do you have an I-9 for each employee? Are they filled out completely? Do you audit annually?
- Are I-9's & benefit information filed separately from personnel files?
- Are job openings offered to all employees?
- Are applicant references checked?
- Do you conduct background checks on ALL employees?

Hiring, continued



- **Do you have an Affirmative Action Plan? If so, do you follow the guidelines for hiring?**
- **Are applicants asked to voluntarily ID their information?**
- **Do employee applications refrain from requesting protected information?**
- **Are independent contractors accurately identified? Do they sign confidentiality agreements? Do they supply workman's comp insurance documentation?**

New Employees



- Are policies and procedures available to all employees? Are they documented? Enforced?
- Is there an employee handbook, reviewed and updated annually? Do employees sign an acknowledgment?
- Do you conduct New Hire Orientations? Are all employees trained on policies & work rules?
- Are employees trained on discrimination & harassment?

Wage and hours



- **Are your compensation levels monitored and reviewed?**
- **Are employees correctly designated: exempt or non-exempt (FSLA guidelines)**
- **Is there a formal pay structure/annual review? Do you document changes in pay?**
- **Is the comp plan communicated to all employees? Does it have approval from the executive team?**

Benefits



- Are employees informed of their benefits?
- Are Summary Plan descriptions provided to participants?
- Are COBRA notices provided?
- Are employees allowed FMLA leave? Do you document all leaves?
- Are Managers trained to report employee absences (over 3 days), PTO?
- Is there a process to keep health information protected?
- Are 5500 forms completed and reported?

Employee Relations



- Is there a performance eval system?
- Does the system check for effectiveness? Do you have a training for managers, for employees?
- Is the quality/quantity of work evaluated? Is it reported in a neutral basis?
- Is performance tied to compensation? How?
- Do you have a process for disciplinary action? Is it documented and known by employees?
- Is there a process for employees to complain?

Safety and Security



- **Do you have a safety policy? Is it known by employees?**
- **Are there processes in place to prevent injuries, accidents, etc? Are they investigated when they do happen?**
- **Does the company have a way to prevent outsiders into the buildings? Is there a process in place to keep unauthorized people from entering the workplace?**
- **Is your facility accessible to disabled employees?**
- **Are OSHA rules adhered to?**

Employee rights & discrimination



- **Are employees trained? Do you keep documentation?**
- **Are employment practices in line with anti-discrimination laws?**
- **Are minors prohibited from working more hours allowed by FLSA?**
- **Are policies in place to prohibit retaliation?**

Worker's Compensation



- Are posters posted?
- Are injuries/incidents investigated?
- Are incident files kept separate from personal files?
- Is workplace maintained with safety in mind? Have you had a safety audit?
- Are new state requirements monitored?

Employee separation



- Do you conduct exit interviews?
- Do you have a template of questions?
- Are COBRA notices provided on time?
- Are final paychecks/PTO checks provided on time?
- Do you have a written process with IT to term employees?

Recordkeeping & documentation

- **Are posters displayed in a conspicuous place?**
- **Are posters updated?**
- **Are personnel files current?**



Contact information



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