



**Organizational  
Development  
Solutions**

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**HR Audits: Talking Points**

**What is the Purpose of the Audit?**

- To identify issues of potential liability
- To surface things that needing improvement
- To formulate strategies for improving operational efficiencies

**What can a client expect from an HR Audit?**

Step I: Provide a no cost, no obligation consultation.

Step II: Conduct an HR Audit at an agreed-upon flat-rated price.

Step III: Deliver the client a Consultative Report, which will contain a narrative and project plan with four sections:

- Section 1: High Priorities - identifying the issues of potential liability and/or compliance in CA.
- Section 2: Core HR Systems/Programs, forms/templates, tools/instruments, training etc.,
- Section 3: Nice-to-haves, including methods for enhancing communication, recognition and rewards programs, orientating new employees and more.
- Section 4: A proposed project plan with timeline, cost estimates, etc.

## **Sources of Data:**

1. What do the written policies and procedures say?
2. Do the key players “walk and talk” the company’s people principles such as Code of Conduct, Corporate Values and Guiding Principles
3. What do the managers say?
4. What does the executive team have to say?
5. What do the employees have to say?
6. Review of all written document including employee handbook, personnel files, policies and procedures manual, financial disclosures etc.,

## **Recruitment**

- How are candidates sourced?
- What are the criteria used in the selection process?
- Are legal/EEEE requirements met?
- Is turnover an issue?
- Is there a succession plan?
- Are the same processes used for all jobs, all locations?
- Are processes followed consistently?

## **Compensation and Benefits**

- What are the different policy groups (e.g. management, clerical, union)?
- How is base pay policy set?
- Are there internal equity issues that need to be addressed?
- Are the job descriptions current and up-to-date?
- What variable pay practices are in place?
- What are the criteria for administering variable pay plans?
- Who is eligible?
- How are pay increments decided?
- What is the benefits plan?
- Are they getting the “most bang for the buck” with their current benefits plan?
- Is there an EAP (Employee Assistance Program)?
- How is pay tied to performance?
- Is the performance rating tied to both “what” the employee produced AND “how” they produced it?
- What is their compensation philosophy?
- Can recent turnover be linked to compensation issues?
- When was the last time an analysis of all positions was conducted?
- Is there an annual merit pool?

## **Workforce Review**

- Are there any critical skills shortages?

- Are there urgent succession issues?
- What are the demographics? Age? Gender? Race?
- Is there a correlation between the demographics and job titles, pay and location?
- What workforce planning processes are used?
- Are the same processes used for all jobs, all locations?
- Are processes followed consistently?

### **Training and Development**

- What does the new employee orientation program include?
- How much training is given to each employee?
- How is the training program managed?
- What percent of training are soft skills verses hard skills?
- Are there any staff development programs such as a performance “development” (verses management) philosophy, mentoring programs, career pathing, pay for knowledge etc.,
- Are the same processes used for all jobs, all locations?
- Are processes followed consistently?

### **Legal**

- Are processes in place to manage compliance issues for all relevant jurisdictions?
- Is there any outstanding litigation?
- Are the same processes used for all jobs, all locations?
- Are processes followed consistently?
- Are the performance management instruments critically objective?
- Are there perceptions related to nepotism, favoritism and/or unfair labor practices?
- What are the definitions of and guidelines for sexual harassment in the workplace?
- Has there been management training on Sexual harassment?
- Once a claim is filed, what is the process and who is involved?

### **HR Technology**

- What technology is installed?
- How up-to-date is the technology?
- Is the data clean?
- Are there any important technology projects in progress?
- Will the current technology allow the organization to achieve their current growth projections within the next year? 2 years? 5 years?

### **Corporate Communications**

- What is the main mode of communication to staff?
- Is there an over-reliance on electronic communications?
- Is there an intranet portal? Corporate newsletter? Staff Satisfaction Survey's?
- Is there an annual meeting?
- Are there any all employee meetings and what is the format?

### **Corporate Culture**

- Is there a Mission?
- Does everyone in the organization know what the mission is?
- Is there a shared vision for the organization?
- Company sponsored sports leagues and/or charitable events?
- How is "accountability" within the organization determined?
- Is volunteerism encouraged and practiced?
- Domestic partnership and other diversity initiatives?
- Conflict of Interest and Non-disclosures in place?
- Are there recycling and "green" initiatives in place?

### **Strategic HR**

- Who does the most senior HR person report to?
- Is there an employee recognition program in place and how are employees chosen?
- How much interest does top management have in HR issues?
- What, if any, strategic plan is in place for the next five years?

### **Some Other Audit Techniques to Consider**

- Competency audit of HR staff.
- Metrics based audit using industry benchmarks.
- Audit of customer satisfaction with HR.