

To Insure Legal Compliance, and Prevent Headaches, Conduct an HR Audit

Joan Curtice is an independent human resources consultant specializing in legal compliance in HR administration and harassment prevention. She is known for her innovative solutions to such vexing HR issues as how to insure employees are treated fairly, how to effectively (and securely) manage employee information, and how to administer new laws mandating administration of “same-sex” benefits.

Based in Burlington, MA, she can be reached at 781-273-0248 or joancurtice@verizon.net. In this interview she addresses the critical need for companies to conduct an “HR Audit.”

BB: Joan, what exactly is an “HR Audit” and what is its goal?

JC: Simply put, an HR Audit is an in-depth review of Human Resources policies and practices. It looks for the legal “must-haves” to ensure that a company is compliant under both state and federal legislation. Additionally, it looks for good business practices.

BB: Why do you feel a company is making a mistake by NOT conducting an HR Audit?

JC: An HR Audit specifies legal conditions that must be met, then determines whether or not they are in fact being met. Once an HR Audit is conducted, a company knows exactly what needs to be done to insure legal compliance and to prevent either litigation by disgruntled employees or significant fines or other penalties from a regulatory body for being out of compliance.

BB: What areas does an HR Audit cover?

JC: The HR Audit is broken down into areas of evaluation that include what you need to do BEFORE you hire employees on up through the process of actually hiring them, and bringing them aboard, enrolling them in your benefits programs, safeguarding their confidential information, maintaining information about them and managing their exit from the company, whether voluntary or otherwise. The HR Audit insures you will be compliant in all these critical areas.

BB: How is an audit actually done? And how much time does it take?

JC: HR Audits typically are conducted as “walk-throughs” in the workplace and the HR department. Depending on the size of the company, the number of workplace facilities, and other complexities, conducting such an audit can take anywhere from a half-day to two or three days. The evaluation and report that follow generally take about 10 days to two weeks to prepare, following the audit.

BB: Can you give us an example of some areas of HR that are looked at and evaluated?

JC: The starting point is usually what a firm does before it brings employee aboard, areas known as “pre-employment requirements” which get your worksite shipshape for new hires. Specifically, the HR Audit covers, for example, the legal requirements regarding which mandatory Federal and state posters must be prominently displayed in a workplace.

But it’s not just the posting of policies but the actions behind them as well. Many smaller companies consider it offensive to be writing down certain aspects of how they conduct business, smacking of a level of formality they find off-putting to its “people-oriented culture.” Although admirable in spirit, their lack of willingness to commit policies to writing is patently illegal!

The Massachusetts Commission Against Discrimination, for example, requires that you spell out very clearly your policies on certain protections. This not only requires a company to have policies in writing, but also requires the policy to be posted in a very visible and well-trafficked place in the company. Additionally, policies must also be provided to every employee upon hire, and redistributed to all employees on an annual basis!

Other areas of evaluation include checking for a legally compliant employment application and reviewing interviewing and hiring practices to be sure they meet legal requirements.

BB: Why is it important that an HR Audit examine hiring practices?

JC: Looking at various components of the hiring process insures their legality in such matters as the use of pre-employment testing, conducting background checks, the legality of the offer process and the text of the offer itself.

BB: And do you feel those areas AFTER people are hired are equally important?

JC: HR Audits inspect the very process of bringing aboard new employees, including the orientation and enrollment processes, and after that the entire area of company benefits. Areas covered also include safeguarding employee information in

locked files, writing legally compliant job descriptions, conducting performance management and evaluations, designing an equitable wage and salary program and conducting legal termination processes. There are a lot of

regulations to adhere to these days, and any slip can make life difficult for a firm. Conducting an HR Audit can save a company major headaches, legal and otherwise, down the road.

Human Resources Audit Checklist	
Area of Audit	Audit Results/Recommendations
<p>I. Pre-Employment</p> <ul style="list-style-type: none"> A. Legally Compliant Employment Application B. Mandatory Postings C. Legally Compliant Interviewing Standards D. Pre-Employment Testing <ul style="list-style-type: none"> 1. Competency/Skill 2. Medical 3. Drug Testing E. ADA Compliant Position Descriptions F. Legally Compliant Offer Letters G. Fair Labor Standards Act <p>II. New Hire Procedures</p> <ul style="list-style-type: none"> A. New Employee Orientation B. Standard New Employee Package with checklist of contents C. The I-9 Form – completion and filing D. Emergency Contact Info <p>III. Employee Performance Management</p> <ul style="list-style-type: none"> A. Job Description B. Annual written performance evaluation – standard form C. Termination Policy – Resignation/Company Initiated <p>IV. Employee Information Confidentiality</p> <ul style="list-style-type: none"> A. Confidential Personnel File Management B. Medical/Disability Records <p>V. Employee Benefits Administration</p> <ul style="list-style-type: none"> A. New Employee Enrollment B. Record Maintenance <p>VI. Company/Industry Specific Requirements or Compliance Procedures As defined by the company or law</p>	