

Federal, state and local employment laws are complex, often conflicting and at times counter-intuitive. Violations, unintentional as they may be, lead to lawsuits, fines, bad publicity, loss of talent, employee dissatisfaction, and lost business. Mitigating those risks is a key measure of success for the Human Resources function. Taking the time to do a comprehensive cross-functional HR audit not only ensures compliance with applicable laws, but also highlights opportunities for improving the effectiveness and efficiencies of HR practices to improve such things as employee performance, employee engagement or talent attraction and retention.

The Internal HR Audit should include a review of the following areas:

Employment Law (Federal, State and Local)	I-9 Forms	Discipline Procedures & Documentation
Equal Opportunity	Wage and Hour Administration	Job Elimination/Separation Documentation
Staffing & Selection	Benefits Administration / ERISA and COBRA	Personnel Files/Records
Americans with Disabilities Act (ADA)	Policies and Procedures	Workplace Harassment /Sexual Harassment
Family Medical Leave Act (FMLA)	Management Policies and Procedures	Uniformed Services Act (USERRA)
Background Investigations & Drug Screening	Performance Management	Conflict Resolution

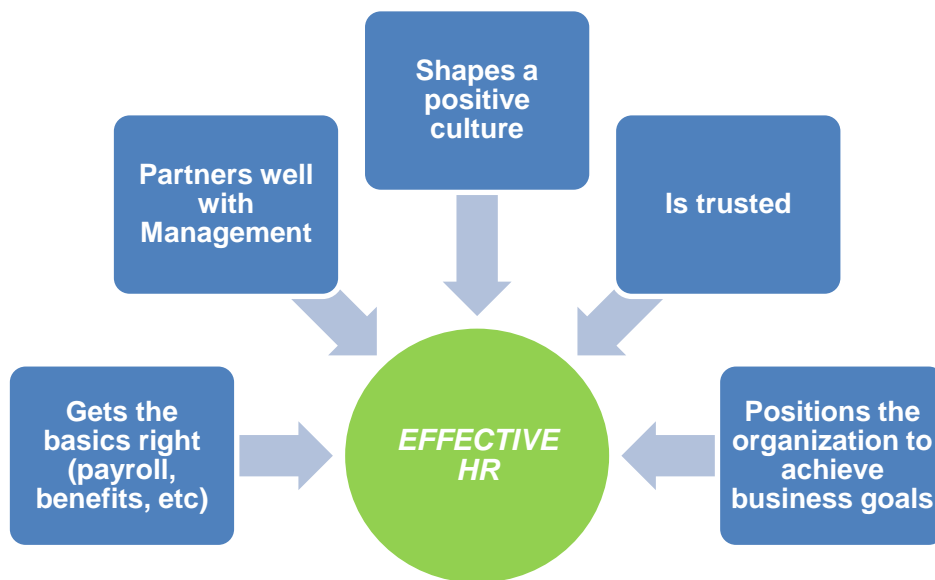
PHASE 1: Assess Documentation

<p>AAP/EEO Related</p> <ul style="list-style-type: none"> ▪ Affirmative Action Plan ▪ EEO-1 Reports ▪ Equal Employment Opportunity Form ▪ Veteran/Disabled Self-Identification Form <p>Recruiting/Staffing</p> <ul style="list-style-type: none"> ▪ Job Postings/Advertisements ▪ Employment Agency/Search Firm Contract ▪ Resume/Candidate Tracking System (sample report) ▪ Employment Application ▪ Interview questions ▪ Pre-Employment Tests – Including physicals, drug screens, fingerprinting ▪ FCRA Documents - Authorization & Consent for Background Check ▪ FCRA Documents - Summary of Your Rights, including FCRA Notification ▪ Background Check Adjudication Guidelines ▪ Offer Letter Form ▪ Adverse Action Letter for FCRA, Criminal, or Drug Screen ▪ Rejection Letter/Rescission of Offer Letter <p>New Hire Orientation</p> <ul style="list-style-type: none"> ▪ On-boarding/Orientation Checklist ▪ Invitation to Self-Identify ▪ I-9 Form ▪ W-4, 1099 Form ▪ Employee Handbook & Acknowledgement ▪ Workplace Harassment Policy & Complaint Response Process ▪ ADA Policy & Accommodation Request Process ▪ Equipment Agreement ▪ Summary Plan Documents, Summary Plan Descriptions, Summary Annual Report ▪ Personal information Form ▪ Direct Deposit Form ▪ COBRA Notifications ▪ Non-compete Agreements 	<p>Ongoing Employment</p> <ul style="list-style-type: none"> ▪ Job Descriptions ▪ Compensation Analysis ▪ Time Sheets/hours Tracking ▪ Family Leave, Family Medical Leave, Employee Medical Leave Request Form, Family and Medical Leave Acknowledgement <p>Performance Management/Discipline</p> <ul style="list-style-type: none"> ▪ Performance Review/Evaluation Form ▪ Performance Improvement Plans/Disciplinary Action Forms <p>Termination of Employment</p> <ul style="list-style-type: none"> ▪ WARN Act Notification ▪ Termination/Job Elimination/Separation Letter, Severance Agreements ▪ Unemployment Insurance, Workers Compensation Information ▪ Non-compete Agreements, Confidentiality Agreements ▪ Termination Checklist ▪ COBRA Notifications <p>Payroll</p> <ul style="list-style-type: none"> ▪ Compensation Philosophy/Policy ▪ Salary Administration policy ▪ Direct Deposit Form ▪ Pay Card Form if applicable ▪ Sample paystub ▪ Sample 1099 for contractors if applicable ▪ Payroll Action Form ▪ Bonus Plan Document ▪ Bonus Policy ▪ Executive Compensation Plan/Policy ▪ Incentive Compensation Plan/Policy ▪ Merit Increase Form ▪ Garnishment/Attachment Policy and Procedure ▪ Loans and Payroll Advances Policies and Procedures ▪ Loan Repayment Agreements ▪ Employment Agreements
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PHASE 2 - Identify Gaps

When conducting an HR audit, it isn't enough to just "check the box." Even if all of your policies are completely up-to-date and legally compliant, if the paper and the practice are not in synch, the risks increase exponentially. When what you say you do, isn't what you *actually* do, the otherwise good policies you promote can create significant liability, foster mistrust and miscommunication and cause chaos. By way of illustration, many employers have up-to-date and compliant anti-harassment policies in place. However, even a well written policy does not create a respectful workplace. If misbehavior is ignored or even condoned, the policy is not worth the paper on which it's written. When you commit to procedures and codes of conduct, you create expectations and potentially even contractual obligations. A checklist or document review alone will not uncover the realities and the risks.

Furthermore, all too often an HR audit focuses solely on whether HR tasks are performed in a compliant manner. But a comprehensive assessment looks to see if tasks are completed *effectively and efficiently*, because if not, what's the point?



PHASE 3 – Prioritizing Corrective Actions

When the review is complete and change is needed, where do you begin?

- Always start by correcting violations of the law. Fines and judgments can be extremely costly, not just in actual monetary payments, but in lost opportunities for business and talent. Delaying corrective action only adds to the inevitable pain.
- Next, tackle the inefficiencies that rob HR of its true return on investment. Put the right people in the right jobs. Avoid duplicative work. Outsource time-consuming and resource-draining tasks.
- Finally, implement best practices, such as leveraging technology and developing talent. Build on a strong foundation of operational excellence to create a truly effective HR function.

