COUNTY MANAGEMENT & RISK CONFERENCE
APRIL 10-12, 2019 | SAN MARCOS
RESOURCES AND SOLUTIONS FOR COUNTIES
How to Conduct a Human Resource Risk Audit

Michele Arseneau,  PHR, SHRM-CP
TAC Human Resource Consultant
and
Diana Cecil, SPHR, SHRM-SCP
TAC Senior Human Resource Consultant
Course Objectives

• What are HR Risk Audits
• Benefits of an HR Risk Audits
• Types of HR Risk Audits
• Tools to conduct HR Risk Audits
What is an HR Risk Audit

A METHOD TO REVIEW HR RISKS FOR IMPROVEMENT

Policies  Procedures
Processes/Practices  Compliance

COUNTY MANAGEMENT & RISK CONFERENCE
RESOURCES AND SOLUTIONS FOR COUNTIES
Purpose of HR Risk Audit

- Reveal Strengths
- Find Weaknesses
- Find Areas of Non-Compliance
- Determine Areas of Risk or Liability
Objectives of HR Risk Audit

- Communicate Findings
- Questioning Seek Answers
- Review and Modify
Benefits of HR Risk Audit

- Identify Contributions of HR
- Identify Gaps
- Encourages Greater Responsibility
- Ensures Timely Compliance
General HR Risk Audit Method

• Develop an understanding of proper policies, practices, processes, procedures
• Develop an understanding of all federal and state regulations regarding area of audit
• Create a plan for how audit will be completed and who will be informed of outcome
• Audit and review documents, policies, procedures
• Create a plan for correction of any deficiencies
HR Risk Audit Process:

1. Determine the Scope of Audit
2. Develop a Plan
3. Gather and Analyze
4. Create Action Plan to Correct
5. Evaluate Correction Progress
Frequency of HR Risk Audit

Conduct Continuous & Regular Reviews

*Ideally Conducted at least every 2 years!
Types of HR Risk Audits

Compliance

• Federal Laws
• State Laws
Types of HR Risk Audits

Functions

• Payroll
• Policy
• Record Retention
• Benefits
• Hiring Process
• Termination Process
HR Risk Audits – Best Practices

- I-9’s
- FLSA
- Benefits
- Policies
- Employees
- Workers Comp
- Posters
- Software
- FMLA
- Record Retention

COUNTY MANAGEMENT & RISK CONFERENCE
RESOURCES AND SOLUTIONS FOR COUNTIES
Example: I-9 Audit

Create Audit Checklist

List of current employees

List of Employees Terminated Past 3 Years
I-9 Audit – Continued

Check Each Section for Compliance

- Names
- Dates
- Citizenship Status
- Signatures
- Proper Documents
I-9 Audit – Continued

- Missing I-9
  - Contact Employee
  - Complete I-9

- Incomplete or Incorrect
  - Follow I-9 Self Audit Rules
  - Make Appropriate Corrections
Example – FMLA Audit

Create Audit Checklist

Policy

- Reviewed and Updated last two years
- Provided to all employees during last two years

Employees

- List of Employees who Requested FMLA during past 2 years
- Copies of each FMLA Form on each employee requesting FMLA last 2 years
FMLA Audit - Continued

What is required

• Review Notice of Eligibility on Each Employee
• Review Medical Certifications
• Review Designation Notice on Each Employee
• Required Benefits Continued
FMLA Audit - Continued

- Review Fitness for Duty
- Review proper Job
- Reinstatement
- Review Benefits restarted properly for dependents if employee chose not to continue
Example – FLSA Audit

Create Audit Checklist

Policy

- Reviewed and Updated last two years
- Provided to all employees during last two years

Employees

- List of Employees who terminated during past 2 years
- List of all current employees
FLSA Audit - Continued

Policy Audit

- Overtime Policy
- Salary Structure or Compensation
- FLSA Status, including partial exemptions
- FLSA Safe Harbor Policy
FLSA Audit - Continued

Proper Wage Payment

• Hourly Salary correct with Budget
• Salary correct with Budget
• Regular Rate Calculation Correct
• Overtime Payment Correct
• Comp Balance Correct
FLSA Audit - Continued

Record Keeping

- Timesheets properly completed
- Accurate calculations
- Signatures
- Leave balances correct
- Comp balances correct
Wrap Up – HR Risk Audit

• HR Risk Audit is a process of examining Policies, Procedures, Practices, documentation and systems

• Purpose is to reveal strengths and weaknesses of county HR Risks

• HR Risk Audit works best when the focus is on analyzing and improving the county HR functions.
HR Risk Audit Tools

- Links to Federal Websites
- Check List Audit Samples
Questions?