How to Conduct a Human Resource Risk Audit

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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
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. Develop a Plan
2. Gather and Analyze
3. Evaluate Correction Progress
4. Create Action Plan to Correct

Determine the Scope of Audit
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

- Payroll
- Policy
- Record Retention
- Benefits
- Hiring Process
- Termination Process

Functions
I-9 Audits

Create Audit Checklist

List of current employees

List of Employees
	Terminated
	Past 3 Years
I-9 Audit – Con’t.

Check Each Section for Compliance

- Names
- Dates
- Citizenship Status
- Signatures
- Proper Documents
I-9 Audit – Con’t.

- 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
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

Reinstatement

• 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

<table>
<thead>
<tr>
<th>Policy</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>□ Reviewed and Updated last two years</td>
<td>□ List of Employees who terminated during past 2 years</td>
</tr>
<tr>
<td>□ Provided to all employees during last two years</td>
<td>□ List of all current employees</td>
</tr>
</tbody>
</table>
FLSA Audit - Continued

- 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
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?