

HUMAN RESOURCES (HR) AUDIT AND ITS IMPORTANCE IN PUBLIC SECTOR ORGANIZATIONS

Ms Flavia Meachiel
Senior Auditor, SAI Pakistan

The HR (Human Resource) Audit is the process to evaluate a human resource department's performance. It examines various aspects of the HR tasks in an organization. These can be policies, processes, procedures, documentation, and systems. The human resource audit is based on the premise that human resource processes are dynamic and must continually be redirected and revitalized to remain responsive to the ever changing needs. Human Resource Audits are not routine practices aimed at problem solving. Instead of directly solving problems, HR audits, like financial audits, help in providing insights into possible causes for current and future problems. An HR Audit is like an annual health check-up, it plays a vital role in instilling a sense of confidence in the Management and the HR functions of an organization. An HR audit involves devoting time and resources to taking an intensely objective look at the organization's HR policies, practices, procedures and strategies to protect the organization, establish best practices and identify opportunities for improvement. The results can provide decision-makers with the information necessary to decide which areas need improvement.

Who should conduct the HR (Human Resource) audit?

The team that is conducting the audit should represent a cross-section of the organization's staff, including line staff, middle and upper management, and those

responsible for HR functions.

Why is an HR (Human Resource) audit a necessity?

An HR Audit must be taken seriously by organizations as this will be a big help in determining the effectiveness of its human resource management. The organization's human resource capital plays vital role as they are the lifeblood of any organization. It further helps maintain and enhance the goodwill of the organization.

Purposes of conducting HR (Human Resource) audit.

- Effective management of human resource capital
- Ensure different legal compliance
- Boosting confidence of management and human resource function
- Establishing guidelines for future audits.

Sample of HR (Human Resource) audit may include the following questions.

Organization and Structure

- Is there an organizational chart?
- Does the chart include both employees' names and designation?
- Does the chart show reporting relationships?
- Are the changes updated when they occur?



- Does the organization's structure change according to its needs?

HR Department Organization

- Is the office/department sufficiently staffed according to the size of organization?
- Is the budget allocation according to the needs of the office/organization?
- Is the organization involved in any employment lawsuits?
- If there have been suits, what were the outcomes?
- Is there a job description for each position in the department?
- To what position does the top HR position report?

Scope HR (Human Resource) Audit

Human resource audits involve an organization's strategic actions to take an intensely objective look at its HR policies, procedures and practices. This type of comprehensive review of the organizations current state can help identify whether specific practice areas or processes are adequate, legal and effective. The results obtained from this review can help identify gaps in HR practices, and HR can then prioritize these gaps in an effort to minimize lawsuits and regulatory violations, as well as to achieve and maintain world-class competitiveness in key HR practice areas.

Importance of HR (Human Resource) Audit in Government Organizations

Human resource audits are essential in order to avoid legal and regulatory liability that may arise from an organization's HR policies and practices. In addition to identifying areas of legal risk, audits are often designed to provide a organization with information about the competitiveness of its HR strategies. In essence, an HR audit involves identifying issues and finding solutions to problems before they become unmanageable. It is an opportunity to assess what an organization is doing right, as well as how things might be done differently, more efficiently or at a reduced cost.

An HR audit helps an organization understand whether its HR practices are helping or becoming a hindrance or having little impact on its basic goals. The audit also helps quantify the results of the department's initiatives and provides a road map for necessary changes. HR Audits can also help the organization achieve and maintain world-class HR practices in both private as well as in public sector organizations. In today's competitive world all the organizations are conducting HR audits which is cost effective too. The government organizations which focus primarily on the Financial Audits should also work closely in such audits so that the organization could work smoothly without any hassle along with input from the management. The Hr audit should be used to



– point out to the top management about their role in HRD and the support required from them. It also provides a good opportunity to develop the staff internally, to streamline the budget, enhance HRD competencies, rationalize the HRD structure and participate in decision making. Following are reasons why a government organization should conduct Hr Audit process;

- For making sure that the Human Resources are effectively utilized inside the organization.
- For making sure that the administration department is working in compliance with other departments.
- For creating confidence among management team that everything related to HR is running successfully.
- For making sure that the reputation of the various departments and the organization as a whole is maintained well.

What to Audit?

Deciding on what to audit depends largely on the perceived weaknesses in the organization's HR environment, the type of audit decided on and the available resources. However, government organizations are particularly vulnerable in certain areas. Most lawsuits can be traced to issues related to hiring, performance management, and

harassment at workplace, discipline or termination. One of the major issues is harassment at workplace where HR audit can step in to address and prevent any harassment related issues. With so much encouragement of #MeToo movement, [workplace harassment](#) has become a hot topic issue in organization across the globe. This has become a very sensitive issue and it's the responsibility of the HR to avoid any such mishaps. Using HR audit services helps companies identify potential harassment issues and ways to foster a safe working environment especially for female employees.

Conclusion

To conclude, a fruitful HR Audit, always assess the situation from the workforce's point of view. Evaluating the performance from a work staff's point of view will provide a new perspective and show more areas for improvement. Just as we do annual physicals on ourselves, evaluating the physical health of our human resources function should also be done each year. HR audits can be as broad or narrow as the organization wants. While audits are a great tool to uncover deficiencies, organizations should be committed to acting on the recommended improvements. This can mean a number of things, from creating or updating policies and procedures, to performing a detailed review of your existing handbook, to communicating with employees to address some of the issues that are found.