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Submitted by	Satyaraj
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Analysis address	cwplan.ibsh@analysis.urkund.com

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Human Resource Planning and Audit Block 4 EFFECTIVE AUDITING AND AUDIT REPORT WRITING UNIT 14 Conducting Effective HR Audit 1-20 UNIT 15 Writing an HR Audit Report 21-47

Editorial Team Dr. PVL Ramana Dr. Sitamma Mikkilineni IFHE (Deemed-to-be-University), Hyderabad IFHE (Deemed-to-be-University), Hyderabad Dr. Musarrat Shaheen Dr. Md. Abdul Nayeem IFHE (Deemed-to-be-University), Hyderabad IFHE (Deemed-to-be-University), Hyderabad Content Development Team Dr. K. Veena Prof. R. Muthukumar IFHE (Deemed-to-be-University), Hyderabad IFHE (Deemed-to-be-University), Hyderabad Dr. Anuradha Chavali Dr. Sheela Rosalyn IFHE (Deemed-to-be-University), Hyderabad IFHE (Deemed-to-be-University), Hyderabad Dr. Lakshmi Hyma Dr. P K Mulay IFHE (Deemed-to-be-University), Hyderabad IFHE (Deemed-to-be-University), Hyderabad Prof. Sweta Anand IFHE (Deemed-to-be-University), Hyderabad Proofreading, Language Editing and Layout Team Ms. M. Manorama Mr. K. Venkateswarlu IFHE (Deemed-to-be-University), Hyderabad IFHE (Deemed-to-be-University), Hyderabad Ms. C. Sridevi IFHE (Deemed-to-be-University), Hyderabad ©

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BLOCK 4: EFFECTIVE AUDITING AND AUDIT REPORT WRITING The fourth block to the course on Human Resource Planning and Audit 'Effective Auditing and Audit Report Writing' gives an overview of the effective human resource auditing and writing an HR audit report. The block contains two units - the first unit is on conducting effective HR audit while the second unit discusses the details of writing an audit report. Unit 14, Conducting Effective HR Audit, discusses the details on conducting an effective HR audit. It outlines the essential aspects of an HR audit, scope of HR audit, enumerates the various audit tools available. The unit covers the important questions that require to be answered as part of an HR audit. Further, the unit deals with who should take HR audit, elaborates on the process and steps of an HR audit. The unit ends by providing a checklist for the conduct of an HR audit. Unit 15, Writing an HR Audit Report, eloquently takes the subject forward on how to write HR audit reports. This unit covers the outline of a model report followed by the important aspects

of an audit report. It outlines the various aspects of an HR audit report proposing the layout of HR audit report. The methodology to be adopted while writing an audit report, list of contents and layout of a sample report are discussed thereafter. This unit also discusses the steps to be taken after report is submitted to ensure follow-up on the recommendations.

Unit 14 Conducting Effective

HR Audit Structure 14.1 Introduction 14.2 Objectives 14.3 Essential Aspects of HR Audit 14.4 Sample of Human Resources Audit Questions 14.5 Checklist for HR

Audit 14.6

Summary 14.7 Glossary 14.8 Self-Assessment Test 14.9 Suggested Readings/Reference Materials 14.10 Answers to Check Your Progress Questions "

Every

action is an opportunity to improve." - Mark Graban 14.1 Introduction As has been popularized by Mark Graban, the activities carried out in the organization should contribute to efficiency in the processes and should result in organizational effectiveness. In the previous unit, the audit of HR functions was discussed. Audit of manpower planning was covered, followed by the methods and processes for auditing the compensation function. Thereafter, the audit of training and development function was discussed, followed by audit of performance management including performance evaluation report. Lastly, the audit of employee relations was covered. The unit thus covered the important facets of the audit of important functions, undertaken by the HR department. This unit takes the coverage of HR Audit forward by discussing the conduct of an effective HR audit. The purpose of conducting HR Audit is to critically assess

81%

MATCHING BLOCK 1/11

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the organization's HR policies, practices, procedures, and strategies to protect the organization, establish best practices, and identify opportunities for improvement.

100%**MATCHING BLOCK 2/11****W**

the organization's HR policies, practices, procedures, and strategies to protect the organization, establish best practices, and identify opportunities for improvement.

To understand how to conduct an effective HR audit, the audit methodology, covering the outline of the audit, who should conduct the audit, the steps involved in the audit, and how to conduct an audit would be discussed. This would be followed by a sample of questions that may be asked during the audit. Lastly, a checklist for HR audit would be outlined.

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Objectives After going through this unit, you will be able to: ? Outline the essential aspects of an HR audit ?

Identify who should undertake the audit ? Describe the process and steps of an HR audit ? Enumerate the essentials of conducting effective HR audit 14.3 Essential Aspects of HR Audit First aspect covered will be the methodology of an HR audit. HR audit is a means of reviewing the functioning and effectiveness of the HR department, and compliance with the prevalent laws and regulatory policies. Some essential aspects of HR audit such as the description scope, features, and the methodology, are discussed below: 14.3.1 An Outline of HR Audit HR audit is an efficient tool to assess the effectiveness of the HR activities undertaken by the department. The audit is a kind of an early warning of current activities which may create problems in the future. The HR audit is a systematic assessment of whether the management of Human Resources fully supports the achievement of the company's goals and objectives. Example: Why Organizations Should Be Conducting Regular HR Audit?

100%**MATCHING BLOCK 3/11****W**

A 2020 study based on findings from 136 Kenyan manufacturing SMEs showed that 23% of the differences in performance of those companies resulted from poor or unsatisfactory human resource management. One way to address this issue is through the establishment of HR philosophies that uphold periodic HR policy evaluations, also referred to as HR audits.

Source: <https://www.myworkpay.com/blogs/why-organizations-should-be-conducting-regular-hr-audits> (Accessed on 27.6.2022) Description of HR

52%**MATCHING BLOCK 4/11****W**

Audit A human resources audit is a systematic review of human resources policies, practices, procedures, and systems, to fulfill the HR needs as well as to ensure compliance with ever-changing rules and regulations.

The HR audit

begins with describing the objectives to be achieved and a decision on whether the audit would be by an internal or external entity. Thereafter, a checklist is prepared for aspects to be checked of the policies, specific functions, and legal compliance. The audit would reveal aspects and processes that require to be redesigned and improved. The audit report submitted by the team is then reviewed by the management and an action plan to address the issues raised is prepared.

Unit 14: Conducting Effective HR Audit 3

The HR audit reveals the strengths and areas of improvement in the human resources function. The audit provides recommendations and suggestions for the HR problems. The objectives of an HR audit may thus be summarized as follows: ? To review the performance of the HR department to assess its effectiveness in implementing policies and supporting the achievement of the organization's goals. ? To identify the instances of non-compliance of laws and policies, gaps, shortcomings, and lapses in the functioning of the HR department. ? To identify the factors that hamper the effective functioning of the HR department. ? To suggest corrective measures to resolve issues and improve the functioning of the HR department. ? To assess the performance evaluation process and the follow up measures to train and develop the competencies of the employees. Scope of HR Audit The scope of the HR audit is generally dependent on the terms of reference. An outline of the aspects which form part of a full-fledged HR audit (Figure 14.1), are as follows: Figure 14.1: Scope of HR Audit

Source: ICFAI Research Center ? Legal Compliance: Assess compliance with all the labour laws and also compliance with company's policies. ? Compensation/Salary Administration: Audit compensation policies, practices for proper and timely implementation as also fairness and impartiality. ? Employment/Recruitment: This is one of the main functions of the HR department. Auditing, for recruitment procedures, time taken, and effectiveness, requires to be checked. Job descriptions and analyses need to be scrutinized. ? Terminations: This is one of the main issues concerning employees and, if not handled properly, may lead to legal consequences and damage the company's reputation. The process needs to be checked for compliance.

Legal Compliance Personal Records Employment/ Recruitment Terminations Compensation/ Salary Administration Training and Development Communication Employee Engagement Employee Relations

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Training and Development: Initial training for new hires, effectiveness of the training and development programs, and its cost effectiveness. ? Personal Records: A review of the personnel files for verification of data and records is conducted by the auditor. Ease of access to data for management purposes will also need to be checked out. ? Communication: The communication processes and lines of communication need to be assessed for efficacy as also the channels for employee- management interaction and grievance redressal mechanisms. ? Employee Engagement: Employee satisfaction and engagement are the primary indicators of the state of the motivation and morale which directly impacts productivity. ? Employee Relations: Employee relations is an important parameter for HR audit. When relations among employees are smooth, productivity increases. Features of HR Audit The major feature of an HR audit is to evaluate if the HR of the organization is aligned with the goals and strategies. Such an alignment is multi-dimensional and involves examination of the major HR variables. The features of HR audit are depicted in Figure 14.2 below: Figure 14.2: Features of an HR Audit Source: ICFAI Research Center Methodology HR audit is a comprehensive exercise. It has to assess on several dimensions. For this to happen, a clear cut methodology is to be adopted to conduct audit systematically and scientifically. ? Defining the scope and schedule of the audit. ? Study of the HR department's policies, processes, systems, and structure to identify the tools to be used for the audit. ? Customization of the tools such as identifying staff to be interviewed.

HR Audit Operational Compliance Systems Functional Personnel Strategic

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Schedule and method of data collection. ? Analysis of data. ? Presentation of the findings and recommendations of the audit ? Developing an action plan for addressing the gaps/shortcomings. ? Monitoring the implementation of the action plan. The methodology described above ensures that the HR audit is conducted systematically. HR Audit Tools HR audit tools are for evaluation of HR processes and measuring their effectiveness. Common HR audit areas include- compensation & reward system, performance management systems, policies and procedures, and employee health and safety practices. The tools recommended for measuring effectiveness of HR functions are as follows (Refer Figure 14.3): Figure 14.3: HR Audit Tools Source: ICFAI Research Center ? Interviews and Questionnaires: Feedback from all the employees and top management for a better understanding of the work of the employees, existing systems and structures, styles of top management and employee problems is obtained from this tool. Questionnaires are used to assess the satisfaction levels, communication channels available to the workforce, and their expectations of HR functions. ? Observations: A tool often used for HR audit is to observe the normal functioning of the HR department to assess the efficacy of the processes and level of training/competence of the staff undertaking the functions. Observation also reveals the level of coordination and cooperation among the staff members of the department. This tool is employed for the following: o Scrutinize employees' practices o Estimate adequacy of training programs Interviews and Questionnaires Observations Key Performance Indicators (KPI) Employee Satisfaction Survey

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- o Know the employees' use of systems
- o Observe the adherence to policies and procedures
- o Assess the organizational culture
- o Facilitate job analysis

? Key Performance Indicators (KPI): Key Performance Indicators are used to analyze the performance expected and delivered. ? Employee Satisfaction Survey; Employee satisfaction surveys form a normal part of any HR audit. The survey questions are structured in a manner such that the responses reveal, how employees feel about the services provided by the HR department and areas that could be improved.

Check Your Progress - 1

1. Which of the following aspects does not fall within the scope of an HR audit?
 - a. Terminations
 - b. Legal compliance
 - c. Training and development
 - d. Quality control of services
 - e. Communication
2. Which of the following are the tools used for an HR Audit?
 - a. Interviews, questionnaires, and complaint boxes
 - b. Surveys, letters, and records
 - c. Interviews, surveys, and mail boxes
 - d. Interviews, questionnaires, and surveys
 - e. Job details, performance evaluations, and surveys

14.3.2 Who Should Conduct the Audit? If the organization's HR professionals are equipped with the required expertise audit can be conducted in-house. Organizations can otherwise hire suitable outsiders/consultants for this purpose also. In either case, everything connected with the audit is to be available to those who conduct the audit. It is preferable to have an independent auditor in case the organization has limited exposure or expertise in employment laws and regulations. It is also necessary to hire consultants with expertise in specific fields of conducting audits. Similarly, if an organization has any legitimate concerns, then an outsider with legal knowledge or expertise in the field may be preferred for conducting HR audit to ensure compliance with all regulations. Besides, many companies prefer to have independent consultants for auditing their firms in order to obtain greater objectivity and impartiality in reporting.

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Example: Accenture – Investigations, Litigations & Audits Accenture states that it complies with investigations, litigations & audits by allowing the Audit Professionals to audit. The company says, “

Let the professionals investigate and work only with authorized personnel. Never initiate an investigation yourself—all requests to conduct internal investigations must be escalated to and authorized by Corporate Investigations or Global Asset Protection. Work only with authorized legal personnel to respond to litigation or subpoenas (including client requests) or to requests from the government, law enforcement, external auditors or regulatory agencies.”

Source: https://www.accenture.com/_acnmedia/pdf-63/accenture-cobe-brochure-english.pdf (Accessed on 27.6.2022)

14.3.3 Audit Process HR audit is normally conducted in phases with each phase design based on the outcome of the earlier phases. The audit process may be summarized as given below. The process is conducted phase-wise in a logical manner. The details of the phases are outlined after the coverage of the process details (Refer Figure 14.4).

Figure 14.4: Audit Process

Source: ICFAI Research Center

? Preparation for an audit: The preparations involve the following aspects:

- o Engagement of an appropriate auditor.
- o Identifying the process of data gathering.
- o Steps to provide on-site access to external auditors.

Preparation for an

audit Briefing and orientation Scanning material information Surveying employees Conducting interviews Synthesizing Reporting

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Briefing and orientation: This is a preparatory meeting with all key staff members to discuss the significant issues to be audited and chart out audit procedures to be adopted as also to develop plans and programs for audit. ? Scanning material information: All available information pertaining to the personnel will be scrutinized and scanned copies will be kept ready for audit. ? Surveying employees: Key managers, functional executives, top functionaries in the organization, and, at times, employee representatives are approached and issues of concerns, existing strengths, and anticipated needs will be intimated. ? Conducting interviews: Questionnaires will be prepared on what questions to be asked. Generally, they pertain to key aspects of human resource audit such as training and development, performance appraisal, succession planning, compensation, affirmative action, etc. Then data will be obtained, by interviewing the concerned. ? Synthesizing: The data collected will be synthesized to ascertain the existing situation, priorities, staff pattern, and issues identified. ?

Reporting: The results obtained after synthesizing will be discussed several times with managers and staff representatives. Then, a formal report will be prepared and submitted to the management.

Phases The HR audit is conducted in different phases which may be as follows:

- ? Pre-Audit information: In this phase, all the relevant information required for audit will be acquired.
- ? Pre-Audit Self-Assessment: The pre-audit self-assessment forms will be sent to client, who helps the auditors to identify key areas to be focused during audit.
- ? On-site review: In this phase, staff will be interviewed regarding human resource policies and practices.
- ? Records review: During on-site review phase only, records pertaining to employees will be scrutinized.
- ? Audit Report: The collected information will be the basis for preparing audit report. The findings of the report are categorized in the following way:
 - o Areas that are urgent and important
 - o Areas that are important but not urgent
 - o Needs that are not important and not urgent
 - o Important opportunities
 - o All this information will be placed in audit report with recommendations in all areas, separately citing relevant laws or findings.

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Exhibit 14.1 illustrates audit process at Nestle. Exhibit 14.1:

Sterling Technology's VDR Supported Nestlé with "The Largest Audit Tender in Living Memory"

Engagement of an appropriate auditor for Nestle has begun by inviting an audit tender process for an audit firm.

The audit engagement was eventually won by the accountancy firm EY, which was appointed by the Nestlé board at the 2020 Annual General Meeting. The audit tender process took more than 15 months to complete, it was managed efficiently within a Sterling Technology virtual data room (VDR).

The VDR would be able to provide a secure environment for the extremely sensitive Nestlé corporate data that any bidder would need to examine and understand before making its bid.

The Sterling VDR was loaded with all the information and documents that Nestlé wanted to be made available to the prospective bidders. All the documents were categorised according to access protocols set by the tender process and by Sterling's VDR team, which brought together 130 contributors from Nestlé departments in all its jurisdictions to create a logical and consistent hierarchical document index.

Although the Nestlé VDR was loaded with 55,000 sensitive documents, it led to only nine clarification questions from the 350 accountants that viewed them. Careful consideration had been given to ensure the granularity of information provided, as the quality and completeness of data and information is key to delivering a transparent and comprehensive audit tender process.

Once all the documents had been uploaded, and all relevant personnel trained and able to use the full functionalities of the VDR, the tender process kicked off. The Nestlé project lead received weekly reports from Sterling on all aspects of VDR usage by Nestlé and the tendering firms' employees. Minimal additional data was uploaded in response to questions raised by the firms, as nominated moderators reviewed and approved the questions. Nestlé's project lead moderated the answers given, to ensure they underwent the same degree of review as the original questions, before being made available in the VDR.

Source: <https://www.internationalaccountingbulletin.com/>

sponsored/sterling-technology-vdr-and- nestle-the-largest-audit-tender-in-living-memory/ (

Accessed on 4.7.2022) 14.3.4 Different Steps Involved in HR Audit The process and the steps involved in

the conduct of an HR audit would depend on the scope and the terms of

reference. The audit can be on a single HR area or focus on several areas at a time. The steps in HR audit process would vary from organization to organization.

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A four-step approach is as depicted in Figure 14.5 and is discussed below. Figure 14.5: Steps in HR Audit Source: ICFAI Research Center Step One: Defining Audit Statements ?

A starting point is to take some time and reflect on which requirements and

functions need to be scrutinized. Listing the aspects to be audited is a good starting point. ? Next consider the traditional functions of the HR department such as planning, staffing, performance management, compensation administration, etc.

and decide the order, in which these are to be audited. ? The focus thereafter is on employee surveys and audit statements. Some special tasks or requirements may relate to the HR department such as enabling team-based

functioning, supporting Total Quality Management etc. The entire list may then be prepared and each of the functions or tasks on whether or how the task is to be accomplished, in terms of timelines, compliance with policies, etc. will be

outlined. Subsequent checks would be undertaken to assess, whether the functioning is in accordance with the

statements. Sample of such statements are as follows: o Performance evaluation is undertaken on schedule every quarter for every employee and is in accordance with the laid down policy. (During the audit, this function would be

checked for timeliness, adherence to policy, etc.) o New hires undergo a standardized induction training program and orientation on key company policies and practices. o Grievance handling process is clearly defined and cases are

resolved, as per the policy. o The department supports team-based functioning and resolves team conflicts through mediation or changes in the team composition.

Step One • Defining Audit Statements Step Two • Assessing Current Practices Step Three • Analyze Results Step Four • Identify Improvement Goals and Actions Required

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Each of the tasks/functions has an audit statement similar to those indicated above comprising how the function would be undertaken. Such statements facilitate aspects that require to be evaluated when auditing the function. Numerous such audit statements would cover all the aspects that form a part of the scope of the audit. Step Two: Assessing Current Practices ? With the audit statement indicated above, each of the tasks/ functions is evaluated to seek evidence, which supports or contradicts the statement. When done objectively, evidence would support the conclusions whether the function is being accomplished in the manner the policies or procedures demand. ? During such assessment, it may come to light that the audit statement requires amendment based on evidence collected. In such cases, the audit statement may be modified and the functions are assessed against the modified audit statements. Step Three: Analyze Results ? The review of results would reveal strengths and gaps in the accomplishment of functions and tasks. The analysis would identify aspects that need to be brought to the notice of the management. For example, the company may be following all legal requirements relating to employment and staff but the communication across the hierarchy levels may be weak. Such conclusions emerge when results are analyzed. ? Review results from a variety of perspectives. This helps in obtaining a clearer picture of the overall functioning of the HR department. ? Adequate focus should be on initiatives that are considered important by the management. If initiatives like TQM are considered important ascertain whether HR department is also aligned with this priority. ? The analysis of results should help in sorting out the strengths and identify opportunities for improvement. Analysis would also reveal that all the audit statements made initially are not equally important. Step Four: Identify Improvement Goals and Actions Required ? The ideal time to complete the audit is just before formulating the annual plan. This would help in taking advantage of the information in formulating strategies and goals. ? The audit results provide inputs on the capability of the HR department. This helps in setting realistic goals. Good practices need to be maintained and weak areas to be improved upon.

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Review the analysis at Step Three and identify two/ three areas which would bring about maximum improvement in the HR department's performance. This would help in the action being initiated on priority in these areas. ? Present the conclusions and findings in an Audit report taking into consideration the readers/audience of the report. The steps involved in a systematic HR audit involve defining audit statements, assessing current practices, analyzing result, and thereafter identifying the areas requiring improvement. 14.3.5 How to Conduct an Effective Audit? An effective HR audit would cover the core functions of HR management. The scope of the audit would include review of internal policies and processes and surveys/ questionnaires of employees and managers to assess the effectiveness of the HR department's functioning. The core areas included in a comprehensive HR audit would be as follows: ? HR organization, structure, and administration ? Recruitment and Selection policies, and processes ? Job evaluation ? Compensation and benefits ? Performance management ? Workforce development ? Industrial relations ? Records management The process of conducting audit of the core areas would involve the following: ? Briefing and Orientation. In a preliminary meeting with the key staff members, auditors decide upon aspects and issues considered as significant. Chart out the audit procedures and develop plans and programs to audit. ? Scanning Material Information. This involves scrutiny of all relevant documents such as policy manuals, handbooks, appraisal forms and manuals, material on recruitment, and any other document considered relevant to the audit areas. ? Conducting Interviews. Interviews provide a direct and face to face response to questions of concern. Preparation for interview would include preparation of questions to be asked to specific people. The questions would vary from people to people. The aim of the interviews is to obtain clarity on important issues and core functions.

Unit 14: Conducting Effective HR Audit 13 ?

Surveying Employees. This involves interviews and giving questionnaires to all the key staff members and managers to ascertain issues of concern areas that create problems, or delays and dissatisfaction among the employees. The people interviewed or responding to questionnaire would also include some randomly selected employees and their representatives. The purpose is to find out areas of concern, know the strengths, and familiarize with the management styles and philosophies, and weaknesses in the system. ? Synthesizing. The data collected from HR information system, interviews, observations, and surveys would be put together and analyzed to draw conclusions. This analysis and research would reveal the following: o Current state of affairs in HR department and its functions o Comparison with benchmarks or how the state should be o Identification of gaps, if any o Areas in which the HR department is strong o Issues identified o Prioritization of actions to address gaps, if any ? Reporting. This is the final stage of the audit and involves preparation of the report covering the findings, conclusions, and recommendations of the audit process. As discussed above, HR audit is conducted to assess the effectiveness of the functioning of the HR department. The audit is conducted as per accepted processes and data is collected through interviews, surveys, questionnaires, observations, and scrutiny of records. The data is then analyzed to reveal strengths and weaknesses which are documented as an Audit report.

Check Your Progress - 2 3. Which of the following statements is an objective of HR audit? a. To inform the

CEO, about the HR Manager b. To keep the Line Managers informed about HR problems c. To identify the instances of non-compliance of laws and policies, gaps, shortcomings, and lapses, in the functioning of the HR department d. Ensure employees are satisfied e. Meet government requirements of audit 4. Which of the following is not a part of the process of an HR audit? a. Briefing and orientation b. Tea with employees c. Scanning information d. Conducting interviews e. Synthesizing

Block 4: Effective Auditing and Audit Report Writing 14 5.

Which of the following is not a step in HR audit? a. Preparing audit statements b. Assess current practices c. Analysis of results d. Identify improvement goals e. Briefing the employees

Activity 14.1 You are a member of an HR audit team for the

audit of M/s Informatic Solutions Ltd. The leader of the team asks you to write down the steps involved in the audit process. Write down the steps of an HR audit for the leader and team to follow. 14.4 Sample of Human Resources Audit

Questions After discussing the methodology of an HR Audit, the manner of framing the questions which are part of the questionnaire would be described. Questionnaire is one of the important tools for the conduct of HR audit. It is possible to administer the questionnaire to a large number of respondents and receive responses within a short period of time.

The responses to questionnaire help in obtaining information on the functioning of the HR department and the satisfaction level among the various stakeholders about the quality and timeliness of the service provided. The important issues in the use of questionnaire for HR audit are as follows: ? Wider coverage of staff/employees involved in providing inputs to the audit team. ? Larger involvement of employees making them feel that their views are valued. ? There may be different questionnaires for different categories of employees. Line managers, staff members of HR department would be requested to respond to different questions. Similarly, employees would be responding to a different questionnaire. ? The questions must not be open ended. ? The language used and the type of questions should be understood by the respondents.

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As discussed above, the questionnaire is an exhaustive means of collecting information from different stakeholders of the organization. This requires care during preparation and selection of questions. The language and clarity are important aspects. Example: M/S Chhattisgarh Mega Steel Limited's Audit Procedure M/S Chattisgarh Mega Steel Limited's

98%

MATCHING BLOCK 5/11

W

audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

Source: https://sail.co.in/sites/default/files/2022-06/Audited_Accounts_CMSCL_2021-22.pdf (Accessed on 29.6.2022)

Check Your Progress – 3 6. Of the type of questions in an audit questionnaire, which of the following is not correct? a.

Questions should be open ended b. Questions must be understood by the respondents c. Question must be relevant to the respondent d. Different questions for different categories of employees e. Questions must not seek opinions 7. The questions in the HR audit questionnaire must not relate to which of the following aspects? a. Hiring b. Compliance c.

Culture d. HR manager's personal life e. HR functions 14.5 Checklist for HR Audit After covering the framing of questions along with a sample, a checklist for an HR audit will be discussed. An HR checklist provides an aide memoire which ensures that all the aspects have been included in the HR audit.

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Example: Aluminium Stewardship Initiative Ltd's Summary Audit Report of Hindalco Industries Ltd. The audit scope at Hindalco includes the manufacturing and supply of unalloyed and alloyed aluminium plates, coils, sheets, foil and laminated products at the Mouda Unit facility in India. Expert human resources' HR audit checklist includes: ? The information provided by the entity is true and accurate to the best knowledge of the auditor(s) preparing this report. ? The findings are based on verified objective evidence relevant to the time period for the audit, traceable and unambiguous. ? The audit scope and audit methodology are sufficient to establish confidence that the findings are indicative of the performance of the entity's defined certification scope. ? The auditor(s) have acted in a manner deemed ethical, truthful, accurate professional, independent and objective. Source:

<https://www.experthumanresources.com/downloads/eBooks/HR-Audit-Checklist.pdf>. (Accessed on 30.6.2022) Activity 14.2 You are the leader of the HR audit team. You decide to make a checklist to ensure that important aspects are not missed out during the audit. Make out a checklist which can be given to all the team members. Check Your Progress - 4 8. Which of the following indicates the purpose of an HR audit checklist? a. Ensures all aspects are audited as per the scope b. HR manager knows what is to be checked c. Employees are kept informed on the audit d. For the information of the CEO e. Include in the questionnaire

Unit 14: Conducting Effective HR Audit 17 9.

Which of the following should not form part of the HR audit checklist? a. Functions of HR department b. Training and development c. Employee relations d. Profit and loss statement e. Recruitment 10. The questionnaire forms a part of the tools used for an HR audit. In what manner is this tool an advantage for the audit? a. It gets responses from a wide audience b. It is easy to analyze c. It seeks opinions d. Employees can list grievances e. Is easy to carry out 14.6 Summary ?

32%

MATCHING BLOCK 6/11

W

A human resources audit is a systematic review of human resource policies, practices, procedures, and systems to fulfil the HR needs and to ensure compliance with the ever-changing rules and regulations. ?

The scope of a full HR audit covers legal compliance, compensation/salary administration, employment/recruitment, terminations, training and development, personal records, communication, employee engagement, and employee relations. ? HR audit tools are: interviews, check of records, questionnaires, KPIs, and employee satisfaction surveys. ? The steps of an HR audit are preparation of audit statements, assessing current practices, analysis of results, and suggesting improvement measures. ? Questions in the questionnaire should be simple and easily understood, should not seek opinions, and be relevant to the respondents. It must relate to the HR functions of hiring, culture, organization development, etc. Each category of stakeholders would have a different questionnaire. ? The purpose of an HR audit checklist is that it ensures all aspects are audited as per the scope. The checklist should contain aspects of all HR functions, industrial relations, culture, etc. 14.7

Glossary Compensation: Compensation may be viewed as a means of providing monetary value in exchange for the work performed by the employees. Competency: The ability to perform the task successfully or competently.

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Compliance: Compliance is certification that the doer of an action or the manufacturer or supplier of a product meets the requirements of accepted practices, legislations, prescribed rules and regulations, specified standards, or terms of contract.

Comprehensive HR Audit: Such an audit would not only cover the performance of the HR department but also extends to evaluating the policies, practices, and the HR climate in the organization.

Employee Relations: Employee relations are the reciprocal expectations and behaviors between employers and employees. Evaluation: The making of a judgment about the amount, number or value of something. HR Audit Report: It is a

document that provides details of the results, findings and recommendations of the audit team. It describes and acknowledges the effective policies and processes being followed by the HR department, and identifies practices and aspects that could be improved upon. It also covers recommendations for improvement of practices that are less effective. HR Planning: Human resource planning is the process for ensuring that the human resource requirements of an organization are identified and plans are made for satisfying those requirements.

Human Resources (HR) Audit: It is a formal method to review the functioning of the HR department of an organization.

Managerial Compliance: Compliance with the laws, regulations, contracts, and policies while managing employees at work.

Performance Management: Performance management is the process of creating a work environment or setting in which people are enabled to perform to the best of their abilities.

System: A system is a set of principles or procedures according to which things operate together or something is done as an organized scheme or method.

Transparency: Operating in such a way that it is easy for others to see what actions are performed. 14.8 Self-Assessment Test 1.

What are the objectives and scope of an HR Audit? 2. Outline the process of an HR Audit. 3. Identify the steps involved in an HR Audit. 4. List out the likely questions which could be included in the questionnaire on HR functions. 5. Provide the items forming a part of HR Audit checklist on Compensation and Benefits.

Unit 14: Conducting Effective

HR Audit 19 14.9

Suggested Readings/Reference Materials 1. Debasish Biswas (2021). Human Resource Planning and Utilization, Crescent Publishing Corporation, First Edition. 2. Nishant Uppal (2020). Human Resource Analytics: Strategic Decision Making, Pearson Paperback, First Edition. 3. Pravin Durai (2020). Human Resource Management, Pearson, Third Edition. 4. Sekhri, A. (2016). Human Resource Planning and Audit. Himalaya Publishing House, First Edition. 5. T.V. Rao (2014).

HRD Audit: Evaluating the Human Resource Function for Business Improvement, Second Edition, Sage Publications. 6. Swati Dhir, Suparna Pal (2021). Human Resource Analytics: Theory and Application Techniques, Cengage India, First Edition. 14.10 Answers to Check Your Progress Questions 1. (

d)

Quality control of services Quality control is not within the scope of an HR audit. The scope extends to HR functions, terminations, communications, legal compliance, etc. 2. (d) Interviews, questionnaires, and surveys The tools used for HR audit are interviews, surveys, questionnaires, and Key Performance Indicators. 3. (c) To identify the instances of non-compliance of laws and policies, gaps, shortcomings, and lapses in the functioning of the HR department The objectives of HR audit are to assess effectiveness of HR practices, identify gaps in practices, if any, suggest improvement, and assess compliance. 4. (b) Tea with employees Tea with employees is not part of the process of HR audit. Process includes preparation, briefing, scanning records, interviewing, conducting surveys, etc. 5. (e) Briefing the employees Briefing the employees is not a step in the HR audit. The steps are preparation of audit statements, assessing current practices, analysis of results, suggesting improvement measures. 6. (a) Questions should be open ended Questions which are open ended should not be used in the questionnaire. Questions should be simple, easily understood, should not seek opinions, and be relevant to the respondents.

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d) HR manager's personal life Questions in the questionnaire must not relate to the personal life of the HR manager. They should relate to the HR functions, hiring, culture, organization development, etc. 8. (a) Ensures all aspects are audited as per the scope The purpose of an HR audit checklist is that it ensures all aspects are audited as per the scope. 9. (d) Profit and loss statement Profit and loss statement assessment should not form part of the HR audit checklist. The checklist should contain aspects of all the HR functions, industrial relations, culture, etc. 10. (e) It gets responses from a wide audience A questionnaire is a useful tool for the HR audit because it gets responses from a wide audience.

Unit 15

Writing an HR Audit Report Structure 15.1 Introduction 15.2 Objectives 15.3 Model Outline of an Audit Report 15.4 Audit Report: Important Aspects and Identifying the Readers/Audience 15.5 Preparation for Writing an Audit Report 15.6 Methodology of Writing the Report 15.7 Content and Layout of a Sample Report 15.8 Benefits of an HR Audit Report 15.9 Using Audit Report for Business Improvement 15.10 Steps to be undertaken after Submission of Audit Report 15.11 Summary 15.12 Glossary 15.13 Self-Assessment Test 15.14 Suggested Readings/Reference Materials 15.15 Answers to Check Your Progress Questions "

Either write something worth reading or do something worth writing." - Benjamin Franklin 15.1 Introduction As has been advocated by Benjamin Franklin, it is important that the HR audit report should highlight the existing gaps in the organization. By knowing the gaps, organizations can initiate steps for the overall development of the organization. Organizations also know their strengths and weaknesses. In the previous unit, we covered details of conducting an effective HR Audit. HR Audit methodology involving aspects such as who should conduct the audit, the process, and the steps of an audit, was discussed. Thereafter, the HR audit framework was discussed as also the dimensions of audit and the questions that may need to be asked. Lastly, a checklist for HR Audit was outlined to guide the audit process. This unit takes the subject forward by discussing the writing of an Audit report. The unit discusses various aspects of writing an HR audit report. It initially covers

Block 4: Effective Auditing and Audit Report Writing 22 the layout of an audit report and identification of the readers or the audience, who would be interested in the findings of the audit. Thereafter, the preparation required and methodology of writing the report would be described. This will be followed by the contents and layout of a sample report, benefits of an audit report, and how an audit report can be used for improving business prospects. The unit will be rounded off by discussing the steps to be undertaken by the organization after receipt of an

HR audit report. 15.2

Objectives After going through this unit, you will be able to: ? Outline the layout of an HR Audit

report and identify the readers/ audience. ? Explain the preparation required for writing the report. ? Describe the methodology of writing the report. ? Identify the contents and layout of such a report. ? Illustrate how an HR audit report can improve business prospects. ? Outline the steps to be undertaken after receipt of the report. 15.3 Model Outline of an Audit Report The key deliverable from HR audit will be audit report. The HR audit report should record the findings of the audit conducted and suggest recommendations for improvement. There is no specific format but should contain enough details to help staff to act to improve where required. Hence, it is imperative to have a good idea of how to draft an HR audit report. The first aspect discussed would be the model outline of an HR Audit Report. 15.3.1 What is an HR Audit Report? The

audit report is a document that provides details of the results, findings, and recommendations of the audit team. It describes and acknowledges the effective policies and processes being followed by the HR department. The audit report identifies practices and aspects that could be improved upon. It also covers recommendations for improvement of practices that are less effective.

The report thus provides a balanced view of the functioning of the HR department, recognizing the good policies and practices while indicating gaps that may require to be bridged. The audit report contains several sections each dealing with specific functions, practices, and policies. The report identifies employee issues and compliance with the regulatory environment. In short, the HR audit report provides information on the current performance of the department. It identifies aspects that can improve the department's contribution to the organization's growth and well-being. The audit report also becomes a reference point for future audits. Figure 15.1 illustrates contents of HR Audit.

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Figure 15.1: Contents of HR Audit Source: ICFAI Research Center 15.3.2 Layout of an HR Audit Report

The layout of an HR Audit report would depend on the purpose and the extent of the aspects or functions audited. Normally, the audit report would comprise the following (Refer Figure 15.2). Figure 15.2: Components of HR Audit Report Source: ICFAI Research Center ? Context of the Audit: The context of the HR audit indicates the broad outline of how and why the audit is being undertaken. Is it because of some compliance shortcomings revealed by notices/ court cases? Is it a routine planned audit, an audit before merger/ acquisition or due to some specific reasons? The context would thus identify the outline and purpose of the audit. The report and the methodology adopted would focus on the context and the aspects that arise from it.

HR policies and processes being followed HR practices to be improved Existing gaps in the functioning of HR departments Employee issues to be tackled Compliance of procedures as per regulatory authorities Current performance of HR departments Recommendations for improvement for organizational growth

Block 4: Effective Auditing and Audit Report Writing 24 ?

Audit Objectives: Audit objectives indicate the areas that would be audited. These could relate to some specific HR functions such as planning, performance evaluation, compensation or could cover all the HR functions, as would be the case of periodic audits. ? Audit Criteria: The criteria employed for the audit may relate to specific areas such as ability of HR planning to meet the technological changes occurring in the industry, improvement in recruitment procedures, optimum deployment of manpower, adequacy of benefits/incentives, engagement levels of employees, or similar aspects. ? Audit Methodology: The audit methodology is included in the report since it reveals the validity of the data as also the findings and conclusions. The methodology would indicate, who all were interviewed, what was observed and when, which were the sources and types of data analyzed, which records were checked, and the questionnaire contents, its conduct (online or otherwise), and analysis of the responses received. ? Findings: The findings of the audit are clearly indicated in terms of positive aspects and the gaps or shortcomings. These findings are grouped as per the functions or as per the key areas audited. Findings beyond the scope of the audit based on observations may also be included. ? Conclusions and Recommendations: The conclusions are based on the analysis of the findings and comparison with the best practices of the industry. Based on the conclusions, specific recommendations are made. Recommendations are ideally prioritized so that the important ones can be actioned at the earliest. Key areas, covered in most HR audits relate to HR structure, policies, practices and procedures, regulatory compliance, employee life cycle related issues, and aspects such as brand attraction, recruitment, induction, termination, etc., performance evaluation, training & development, compensation/benefits administration, and employee communication. An HR audit report is structured depending on the purpose and the context. The aspects which normally form part of the report are the context, purpose, criteria, methodology, findings and the conclusions, and recommendations. Example: Walmart Stores, Inc. Audit Committee Charter Purpose

The purpose of conducting HR Audit is to critically assess

81%**MATCHING BLOCK 7/11****W**

the organization's HR policies, practices, procedures, and strategies to protect the organization, establish best practices, and identify opportunities for improvement.

100%**MATCHING BLOCK 8/11****W**

the organization's HR policies, practices, procedures, and strategies to protect the organization, establish best practices, and identify opportunities for improvement.

Given below is an example to understand the purpose of audit at Walmart Stores: Contd....

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The Audit Committee of Walmart Stores, Inc., Bentonville, Arkansas

is appointed by the Board to: (1) assist the Board in monitoring (a) the integrity of the financial reporting process, systems of internal controls and financial statements and reports of the company, (b) the performance of the company's internal audit function, and (c) the compliance by the company with legal and regulatory requirements; and (2) be directly responsible for the appointment, compensation and oversight of the company's independent auditor employed by the company for the purpose of preparing or issuing an audit report or related work (the "Outside Auditor").

Source: http://media.corporate-ir.net/media_files/nys/wmt/corpgov/audit.pdf (Accessed on 29.6.2022)

Check Your Progress - 1 1. Which of the following

is true in case of HR audit report? a. Gives details of the HR staff b. Provides details of the policies c.

Provides details of the results, findings and recommendations of the audit team

d. Lists out the problems faced by employees e. Is prepared by the HR head for all the staff 15.4 Audit Report: Important Aspects and Identifying the Readers/ Audience HR audit Report is not a research report, but is meant for Practitioners. Its main aim is to highlight areas that need improvement for which actions are to be implemented by top management.

Generally these reports are focussed and precise. Auditors present the report in bullet points for each area of audit. In this section, important aspects of HR audit report along with identification of readers and audience of the report are explained. 15.4.1 Important Aspects of HR Audit Report In simple terms, an HR audit report compares the condition (what is?) with the criteria or standard. The criteria could be company policies, quality standards, accounting policies, or using benchmarks of the industry. It basically reviews the HR system and evaluates its ability to meet the future challenges of HRM.

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The important aspects of Audit Report are shown in Figure 15.3. Figure 15.3: Important Aspects of HR Audit Report

Source: ICFAI Research Center ? Identifying Non-Conformities: The important aspect is to identify HR systems or processes that do not conform to the specified criteria in terms of standards, prevailing regulations, or the goals, which the system is expected to accomplish. In this case, it is important to specify the criteria not met and provide evidence of non-compliance. ? Highlighting the Positive Aspects: The report must highlight functions or practices, which are being performed well. Inclusion of positive aspects makes the report balanced and enthruses the staff to correct any anomalies pointed out in the report. For example, if the training department is conducting programs on time within allocated budget and meets the training requirements, it should find a mention in the report. ? Opportunities for Further Improvement: Besides including non-compliance and positive aspects, the report should also include aspects that may pose challenges or risks in the future. Timely identification of these issues would help the HR department to initiate actions to tackle the issues before they become problems or pose grave risks. ? Coping with Challenges: With globalization, HR is confronted with new challenges such as localization vs standardization, paucity of talent, talent retention, and talent mobility. Coping with these challenges is becoming increasingly important for achieving the organization's goals. An HR audit would bring to the fore how the HR department is meeting these demands and coping with the environmental uncertainties. The ability to recruit skilled and talented candidates or the turnover among the specialized staff would point towards the effectiveness of the functioning of the HR department. As such, identifying non-conformities, highlighting positive aspects, opportunities for further improvement and coping with challenges are the important aspects of HR audit report. Identifying

Non-Conformities Highlighting the

Positive Aspects Opportunities for Further Improvement Coping with Challenges

Unit 15: Writing an HR Audit Report 27 15.4.2 Identifying the Readers/Audience Many audit reports fail to achieve results because most often, the report focuses on the writer instead of the reader. A consideration of the audience is very important when it comes to writing a report, if it is to be well received by all the readers. Hence, identification of the readers/audience helps in designing the report in a manner such that it provides the required information to the concerned individuals/ groups. All individuals and groups affected by the functioning of the HR department would be interested in the audit report. In addition, the senior managers and the board of directors would be interested in the findings of the audit report since it would reveal the effectiveness of the HR policies, processes, and functioning of the department. As such, nearly all employees, supervisors, HR department staff, and the management would have an interest in the HR audit report. The report, however, is generally confidential in nature and only relevant aspects are given to the appropriate staff for their information and action. Broadly, the readers and audience would be as follows (Refer Figure 15.4).

Figure 15.4: Classification of Readers/Audience Source: ICFAI Research Center ? Line Managers: The report would reveal the findings of the audit team relating to the specific areas of functioning of the line managers. It may cover aspects such as motivation levels of employees of the department, training of the employees, and communication within the department. For example, in the case of a training manager, it may deal with the qualifications of the trainers or the non-availability of appropriate replacements, and effectiveness of the training programs. ? Specialist HR Staff: HR staff handling specific HR functions would also be the readers of the report since it would provide them information on the effectiveness of their functioning. It may also provide feedback of employees/ managers on the functioning and areas that require attention for improving the processes or practices. ? HR Manager: The HR manager would be interested in the information provided to the Line Managers and the specialist staff. Employee survey findings, problems, and their implications, compliance with policies/

Top Management Specialist HR Staff HR Manager Line Managers Classification of Readers/ Audience

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regulations and the overall functioning of the department would be of utmost interest. The HR manager would also ensure that the issues raised in the report are resolved and the recommendations are implemented as quickly as possible.

? Top Management: The top management and the Board would be the audience and readers to take stock of the HR policies and practices so as to initiate appropriate action where necessary. They would get a clear idea of the management of HR. This report is important for them since HR is the most valuable asset of an organization and their wellbeing and management would impact the organization's functioning. Line managers, specialist HR staff, HR manager and top management are most interested in reading the audit report. Example: Infosys' Annual Report 2020-21 - Material Developments in Human Resources / Industrial Relations The three key strategic pillars of Infosys'

Employee Value Proposition are: ? Driving purposeful impact - 'Inspiring them to build what's next' ? Ensuring continuous learning and career growth - 'Making sure their career never stands still' ? Creating world-class culture and employee experience - 'Navigating further, together' Here are

some of the key initiatives of this year: ? Talent Anywhere model:

It is clear that the new workplace will be hybrid remote with distributed teams becoming more prominent.

Hence,

we rolled out the Talent Anywhere model in India that provides flexibility of work location for our employees. ?

Digital transformation: The digital transformation journey that we had embarked on a few years back ensured employees could perform all their transactions online through our various mobile-first apps and could connect and collaborate in the remote-working "new normal".

Source:

<https://www.infosys.com/investors/reports-filings/annual-report/annual/documents/infosys-ar-21.pdf> (

Accessed on 28.6.2022) 15.5

Preparation for Writing an Audit Report After conducting the HR audit by evaluating the policies, procedures and practices, the audit team has to prepare a report based on the observations and findings and make appropriate recommendations. The audit report gives the details of the efforts of the audit team. Preparation of the report requires

Unit 15: Writing an HR Audit

Report 29 knowledge of the various HR functions, workplace needs, achievements, and the HR strategy. Such a report makes a significant contribution to decision-making at the highest levels affecting the HR of the organization. Even as the audit team prepares to write the report, some of the aspects that need to be kept in mind are discussed (Refer Figure 15.5).

Figure 15.5: Aspects in Writing Audit Report Source: ICFAI Research Center ? Discussion of Findings: Before writing the report, it is advisable to discuss the findings and observations with the HR director or the CEO to ascertain the purpose of the report, areas that they desire to address, and the readers of the report. The audience indicated would point towards the structure and the inclusion of confidential information in the report or otherwise. ? Earlier Audit Reports: Previous audit findings provide information on certain weak areas or processes which may need further investigation. Hence, study of earlier HR audit reports helps in identifying the recommendations and ascertaining whether the follow up actions have been completed. ? Collection of Data: Collect the data needed to support the findings and observations of the audit and arrange the data in a format that suits the needs of the readers. The information would need to be gathered from different sources such as the HR Information System (HRIS) or collected from the concerned HR staff. Generally, periodic HR reports may have information in the desired form, relating to recruitments, turnover, and promotions for the period under consideration. Additional information on labour market, budgets, and compensation/incentives may also need to be collected. ? Research: Identify any patterns in the data collected. For example, there may be patterns in absences pertaining to specific days or there may be high turnover during certain periods. Such patterns may need to be investigated to ascertain if there are any issues or problems or if these relate to individual cases. Conduct detailed research on the focus areas that need to be included in the report. Last but not the least, the data would need to be organized in a manner that supports the findings and is easy to assimilate by the readers.

Discussion of Findings Collection of Data Research Earlier Audit Reports Focus Areas Findings and Recommendations
Focus on the Macro Issues Report Style and Presentation

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Some aspects that need attention and may require research are:

- o It is good to provide the ratio of HR staff, in relation to the total number of employees for benchmarking. This usually averages 1:175 for large companies.
- o While turnover is important, also track what per cent of all turnover is among the experienced, skilled, and high performing staff. If a disproportionate number of those leaving are top performers, there may be an underlying reason.
- o Include company's spending on training. In many cases, it is high without specific quantifiable outcomes.
- o Cover job descriptions since in many cases they do not focus on essential skills but include non-essential aspects.
- o Legal compliance and timely filling in of forms/registration for benefits, particularly for multi-location companies, need specific mention.

Step 7 o Audit must check compliance with laws, regulations, and company policies. Non-compliance with labour laws can lead to intervention of respective regulatory/statutory authorities.

- o Documentation is an important aspect of HR activities. Filing the required returns in a timely manner and submission of details/forms in respect of employees for government run schemes such as Employee Provident Fund, ESI, etc. must be checked.

? Focus Areas: The areas or functions that need to be focused should be identified. An outline of the focus areas would help in organizing the report in a manner that would enable parts to be forwarded to appropriate line managers and HR specialist staff. Compose the details along with the data of focus areas. This would ensure that the important aspects receive the attention they deserve and all relevant functions/practices are covered. Prepare an analysis for each of the focus areas explaining the observations with the help of the data collected and comparing it with past trends and industry metrics to reveal areas that need improvement.

? Findings and Recommendations: The findings and recommendation need particular attention and must be well structured making a clear distinction between results and opinions. Generally, the thought process of arriving at the conclusions must be evident. Normally, the findings, discussions and recommendations should be structured covering the following:

- o Condition (What is the problem?)
- o Criterion (What policy or best practice is the condition being compared to?)
- o Cause (What led to the problem?)
- o Effect (What are the likely consequences of risks?)
- o Recommendation (What should be done to resolve the problem?)

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Focus on the Macro Issues: Audit reports are expected to identify issues that need attention and improve functioning. There would be a few such issues that need immediate attention. These macro issues should be the focus of the report. Including too many minor issues tends to shift the focus away from important matters.

? Report Style and Presentation: The presentation and the style of report writing is important and the report must be easy to read and understand. In this regard, the following aspects need to be kept in mind:

- o Keep the readers or the audience in mind and use language and presentation style that would suit them. In most cases, it is advisable to use the style commonly used in the company. It enhances acceptability.
- o Structure the report from the reader's perspective.
- o At the outset, clarify the objectives, scope of the report and the intended outcomes. The context and the background information should be included.
- o Explain terminology or jargon that maybe unfamiliar to the reader and take into consideration the reader's knowledge level.
- o Use appropriate formats, fonts and graphics to make the report professional and visually appealing.
- o Structure of the report is important. Use formatting tools such as bullets to direct the reader towards important points. The report should grab and retain the reader's attention.

Example: Internal Audit Report: HR Processes – Change in Establishment – Orkney Islands Council Audit Opinion on HR Processes – Change in Establishment The review carried out to assess the effectiveness of the revised Change in Establishment (CIE) Procedure

found that: ?

Although there is no data on the speed of the previous process, for the revised process we found that 52% of Change in Establishment (CIEs) took three or less days between the signing of the Executive Director / Head of Service and sign off by the Chief Executive and 76% went through that process in 6 days or less. ?

CIEs are allocated individual reference numbers and no duplication was found. ? The paperless aspect of the process greatly reduces the likelihood of forms being lost or mislaid.

Source: https://www.orkney.gov.uk/Files/Committees-and-Agendas/Monitoring-and-Audit/MA2020/MA06-02-2020/I06.1__HR_Processes_Change_Establishment_2019_20.pdf

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Check Your Progress - 2 2. Who are the readers of an HR audit report? a. Trade unions b. All employees and managers c. HR director and HR staff d. Top management e. HR staff, line managers, HR head, and top management 3. Which of the following is not an important aspect of an HR audit report? a. Identifies the strengths of the HR department b. Brings out the weak areas of HR functioning c. Highlights the positive aspects d. Rewrites the HR policies and processes e. Identifies the future challenges of HR functions 4. Which of the following is important aspect when we are discussing the scope of a comprehensive HR audit report? a. Performance of the HR department and evaluation of policies and practices b. One HR function as specified by the HR head c. Investigation of HR issues d. As specified by the board. e. Find solutions to future HR challenges 15.6 Methodology of Writing the Report An HR audit report gives

details of the results and recommendations of the audit team. It

is not a research report. It is factual reproduction of the observations and findings. The report reconciles the data and observations, to reach specific conclusions. In case of inadequate information on any specific aspect being audited, the team may mention that the function/ activity may need further investigation (Figure 15.6). In this section, the contents and outline of the report, and findings and recommendations are discussed. Figure 15.6: Methodology of Writing Report Norms Well- Balanced Precise without Ambiguity In Passive Voice Gender Neutral In Bullet Points Source: ICFAI Research Center

Unit 15: Writing an HR Audit Report 33 15.6.1

Report

Contents There are certain norms followed, while writing an audit report. The important norms are as follows (Refer Figure 15.7):

Figure 15.7: Norms of the Report Contents Source: ICFAI Research Center ? The report should be well balanced including both the positive, and the negative aspects. ? Reports must be precise and ambiguous terms should be avoided in the interest of clarity. ? Avoid passive voice in the report. ? Use gender-neutral terms. ? Avoid ambiguous audit terms such as significant risk or lose control, etc. These terms are confusing. ? Use bullet points for clarity. If these norms are followed, the audit report would be clear to the readers, and the purpose of writing a report would be served. 15.6.2 Prepare an

Outline of the Report Before writing the final report, it is advisable to prepare an outline of the report. This outline may comprise sections, headings, sub-sections etc. This will enable the report to be logical and easy to follow. While writing the findings of a particular section, it may help, if the part is broken into sub-sections such as findings, consequences, and recommendations. 15.6.3 Findings/Recommendations The findings, discussions, and recommendations form the crux of any audit report. Structuring this part appropriately is important. It is always advisable to avoid mixing the findings and opinions, since the reader would like to make a distinction between the two. It would help, if these are in separate sub-sections. The structure of condition, criteria, cause, consequences, and recommendations helps in structuring the report properly. 15.6.4 Recommendations must be Effective The audit is aimed at improving the effectiveness of the HR department. Recommendations, thus, form an essential part of the audit and the report. While

Norms to be followed Preparing Outline of the Report Findings/ Recommendations Following the Formats

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and Audit Report Writing 34 writing the recommendations, it is advisable to follow certain norms, as shown in Figure 15.8. These are: Figure 15.8: Effective Recommendations

Source: ICFAI Research Center ? Recommendations must be positive. Avoid any criticism or negative statements. ? Recommendations must be specific and ambiguity must be avoided. ? It is always desirable that the section/ department/ person, to implement it, is indicated. ? Recommendations must be brief and to the point. They must flow out of the findings and discussions. Audit reports will be effective only when recommendations are positive, implementable, brief and precise and without any ambiguity. 15.6.5 Follow the Format The report must be attractively presented and should make the reader eager to go through the contents. While submitting the report, ensure the following: ? There should be a cover page providing details of the audit type, dates, etc. ? If written terms of reference are given to the audit team, these must form a part of the report. ? Contents table must be included along with the page numbers. ? Thus, audit reports would be logical and meaningful if the reports are written systematically by following the format given. Example: Reliance Power Limited - Auditors' Report - Particulars of Employees and Related Disclosures The Nomination and Remuneration Committee (NRC) of the Board of Reliance Power has devised a policy for selection, appointment and remuneration of directors, key managerial personnel and senior management employees. Contd.... Positive Specific without Ambiguity Brief and to the Point Mentioning who has to Implement

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In terms of the provisions of Section 197(12) of the Act read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules are provided in the Annual Report, which forms part of this report. Disclosures relating to the remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, also form part of this Annual Report. Source:

https://www.reliancepower.co.in/documents/2181716/10922074/Annual_Report_2020_21.pdf (Accessed on 29.6.2022)

Activity 15.1 You are an HR consultant. You have been asked to undertake an HR audit of a medium sized company, manufacturing steel utensils and other items. The company has never undertaken HR audit before. The company had, in recent times, received many complaints from the employees about the functioning of the HR department particularly on delays of registering them for the benefits accorded by the Government, through its various schemes. This has led to resentment among the employees. Write the context and the purpose to be included in the HR audit report. Check Your Progress - 3 5. Which of the following is the most appropriate statement from the following statements, with respect to context and methodology of the audit report? a. Discussed with the HR staff b. Included in the report c. Specified by the employees d. Explained to all employees and staff e. Can be decided by the audit team 15.7 Content and Layout of a Sample Report The HR audit report is meant to bring out areas that need improvement or attention of the senior management. It is likely to be read by the HR staff, line managers, HR head, and the top management. The audience is not accustomed to read long research reports. It is, thus, important that the report be precise and to

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the point. There is no set format for an HR audit report. It is meant for practitioners. Its main purpose is to highlight the areas where improvement is required. It helps top management and HR staff in retaining company's strengths. Hence the contents and layout of the report should be cautiously written. The important points to be noted by auditors are that the contents should be brief and precise, highlighting the strengths and weaknesses of the company. Exhibit 15.1 illustrates audit report of Veterans Affairs Canada (VAC). Exhibit 15.1: Veterans Affairs Canada (VAC) HR Audit - Staffing & Pay Veterans Affairs Canada (VAC) conducted an Audit of Human Resources (HR) Staffing and Pay, as part of the 2018-23 Risk-Based Audit and Evaluation Plan.

Audit Objective and Scope The objective of the audit was to provide assurance to senior management on the adequacy of Departmental HR staffing and pay processes and the effectiveness of systems in place to deliver HR staffing and pay related services. Key Findings and Conclusion The audit team noted good practices throughout the audit of HR staffing and pay, including: ? HR Planning: HR plans were developed as part of the integrated business planning (IBP) process. HR strategic advisors were in place and provided advice to managers on HR staffing activities. ? Roles, Responsibilities, and Guidance: Guidance on HR staffing and pay processes, including the VAC Compensation Guide, was documented and readily available on the intranet. ? Service Standards and Monitoring: Service standards were established for HR staffing and pay. Dashboards and reports were developed to track HR staffing and pay actions. The audit identified three main areas for improvement, as follows: ? HR Planning: There were opportunities to improve HR planning templates to include the financial costs and timelines for the activities included in the plan. ?

Roles, Responsibilities and Guidance: HRD developed the VAC Compensation Guide as a tool for VAC employees and management, however, the guide had not been updated since 2017. Additionally, managers did not consistently understand their respective roles and responsibilities related to the submitting pay requests.

Contd....

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Service Standards and Monitoring: HRD developed service standards for staffing and pay; however, they are not consistently well-understood by the

managers. HR file reviews indicated that key dates were not entered consistently in the system by HR staff to accurately track the compliance to service standards and the delays to the staffing processes, impacting the reliability of data that is communicated through the service standard reporting mechanisms. ? The audit findings and conclusions contained in this report are based on sufficient and appropriate audit evidence. This

92%

MATCHING BLOCK 9/11

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audit was conducted in conformance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing

as supported by the results of the quality assurance and improvement program.

Conclusion: Based on the above findings, the audit found that processes and controls related to HR staffing and pay were generally established and operating as intended with areas of improvement noted with respect to planning, roles and responsibilities, service standards, and monitoring activities.

Source: [https://www.veterans.gc.ca/eng/](https://www.veterans.gc.ca/eng/about-vac/publications-reports/reports/departmental-audit-evaluation/2020-audit-human-resources-staffing-pay/summary)

about-vac/publications-reports/reports/departmental-audit-evaluation/2020-audit-human-resources-staffing-pay/summary (

Accessed on 28.6.2022) 15.8 Benefits of an HR Audit Report The most important task of HR audit is to make human resource systems and processes more business-driven and relevant to business goals. The main benefits of an HR audit report are discussed (Refer Figure 15.9). Figure 15.9: Benefits of HR Audit Source: ICFAI Research Center ? Bring in Standardization: Regular HR audits bring in a high degree of standardization. This is particularly true for geographically dispersed companies operating across different countries. In such cases, regular audit helps in bringing in a high degree of uniformity in policies, practices, and processes.

Benefits Bring in Standardization Clarity of Roles Ensures Compliance Strategic Alignment Feedback for Top Management Identifies Issues Helps Subsequent Audits

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Clarity of Roles: An HR audit brings in clarity of roles and responsibilities of staff and managers. Grey areas or gaps tend to be identified. This brings about a clarity of roles regarding HR activities. It clarifies the department roles and improves the degree of uniformity of roles/ responsibilities in geographically scattered organizations. ? Ensures Compliance: HR audit is a very useful tool to assess compliance of the HR practices with the prevailing local labour laws. Non-compliance can lead to major legal issues which may tarnish the image of the company. The consequences of such lapses have financial implications. Regular audits would ensure compliance not only with laws but also with company policies/ directives. ? Strategic Alignment: A full HR audit covers strategic and operational issues. Such audits ensure alignment between the business strategies and the HR strategies. ? Feedback for Top Management: HR audit reports provide the top management with a clear idea on the effectiveness of the HR policies and functioning. With HR becoming the source of competitive advantage, it is increasingly important for the HR department to function in an effective manner and align with the strategic goals of the company. An HR audit report provides the top management with this information. ? Identifies Issues: HR audit and the report that follows help in identifying HR issues before they become major problems. Identification of issues that can have negative consequences would ensure timely action to preclude problems. ? Helps Subsequent Audits: An HR audit report becomes a guide for future audits by providing an overview of the HR department's functioning and the strong and weak areas. Subsequent audits would also ensure that actions recommended by earlier audits have been completed in a timely manner. Thus, HR audits prove beneficial to the organizations where audits are conducted with full spirit. Example: Pros of an HR Compliance At PricewaterhouseCoopers (

88%

MATCHING BLOCK 10/11

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PwC), cybersecurity and data protection specialists give employees the tools, information and confidence that they need, to manage risk and make informed decisions. Combining expert legal advice with leading technology,

the company guides its employees

through the complex web of international regulation, strengthening their data and compliance processes, and helping them achieve their goals.

Source: <https://www.pwc.com/gx/en/services/legal/cybersecurity-and-data-protection.html> (Accessed on 29.6.2022)

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Using Audit Report for Business Improvement An HR audit report is not just a means of improving control of the HR function, but it may be a tool for adoption of strategies and actions that improve the overall HR management and contribute to improvement in the business of the organization. It helps in assessing the efficacy of the policies and practices concerning HR. The main benefits of an HR audit report which lead to improvement of business, are (as shown in Figure 15.10):

- Figure 15.10: Benefits of Audit Report Source: ICFAI Research Center
- Reveals whether the HR is contributing to the achievement of the business objectives or are there gaps in the alignment of the HR management and the business goals.
- Clarifies the role of HR functions in the organizational structure.
- The audit report also comments on the overall management styles and their effectiveness in driving business.
- The report also evaluates the cost effectiveness and the efficacy of the training and development function. The effectiveness of this function is directly linked to the skill improvement and performance of the employees. Thus, it contributes to the overall improvement in the productivity.
- The report highlights the competency levels of the employees and gaps in this regard which can be addressed through training. Improvement in competency levels would lead to improvement of business outcomes.
- Contribution to Business Objectives
- Gaps in the HR Management
- Clarifies Role of HR Functions
- Effectiveness of Overall Management Styles
- Evaluates the Cost Effectiveness of T&D Functions
- Highlights Competency Levels of Employees
- Focuses on Quality Aspects
- Analysis of Working Conditions and Welfare Measures
- Leads to Business Improvement

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The audit also focuses on the quality aspects and initiatives such as TQM. Identification of gaps in implementation and training on these initiatives would help in improvement in the implementation and results from such quality measures. The HR audit report covers aspects such as working conditions, communication, and welfare measures which directly impact the motivation and morale of the employees. Improvement in the motivation levels would enhance employee productivity and consequently the business outcomes. The most important benefit of HR audit is when it leads to business improvement. Example: Coca-Cola Hellenic Bottling Company (HBC) Corporate Audit Department Charter (CAD) - Scope of Internal Audit Activities The Chairman of Coca-Cola's letter to the stakeholders' state that "Now, at the start of 2022, in addition to COVID-19, the conflict between Russia and Ukraine is having a terrible impact on millions, including our own people. I have seen through the challenge of COVID-19 and now, through this current unimaginable tragedy, the amazing way that the people of this business care for each other and our stakeholders. The business delivered a very strong recovery in 2021, with all key metrics above pre-pandemic levels. Consistent investment behind our strategic priorities is building growth momentum. We expanded the roll out of Costa Coffee and launched Caffè Vergnano in Q4. We announced our geographical expansion into Egypt with the acquisition of Coca-Cola Bottling Company of Egypt, which closed in January 2022. And we announced our commitment to net zero emissions by 2040 • Strong earnings growth, record high free cash flow and increased dividend pay-out target range to 40-50% • The balance sheet remains robust and flexible.

Source: <https://www.cocacolahellenic.com/content/dam/cch/us/images/oar2021/downloads/integrated-annual-report-2021.pdf.downloadasset.pdf> (Accessed on 4.7.22)

15.10 Steps to be undertaken after Submission of Audit Report

The HR Audit report provides the details about the audit, its methodology, findings, and the recommendations. The report clearly lists out the gaps or shortcomings that require to be addressed. The report is submitted to the HR Manager with a copy to the CEO/Top Management. The audit report may also be discussed in the Board meeting. Normally, the auditors also present the important findings and recommendation as a presentation to the top management. The follow up actions based on the audit report are then the responsibility of the HR department. The normal procedure followed after submission of the audit report would be as follows (Figure 15.11):

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Figure 15.11: Steps to be Undertaken after Submission of Report Source: ICFAI Research Center ? Oral presentation of the main findings and recommendations to the top management by the Audit team ? Decisions on actions to be taken for follow up on the recommendations. ? HR department/Manager prepares the action plan for follow up actions. ? The action plan is circulated to the concerned department heads for implementation. ? Provide the expected timelines for completion of actions. ? The progress on completion of actions is monitored by the HR department on a regular basis ? A periodic report on the status of the follow up actions is prepared by the HR department and circulated among the action addressees ? The top management is kept informed about the progress in resolving issues/ pending points ? A follow up audit may be planned to assess the effectiveness of the follow up on the initial report. These are the general practices followed while writing audit reports. It is to be remembered here audit reports are not research reports. The main idea of an audit report is to highlight the areas that need improvement and where appropriate actions are to be taken by the top management. In such circumstances, audit reports certainly contribute to business improvement.

Circulation of Action Plans to Concerned Departments Oral presentation of the Audit Team Providing Timelines for Completion of Actions Decisions on Actions to be Taken Monitoring the Progress Preparation of Action Plans Periodic Status Reports on Follow-Up Actions Keeping Informed the Progress to Top Management Planning Follow-Up Audits
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Example: Follow Up Action after Submission of Audit Report Priscilla Tomestic, SHRM-CP, HR compliance manager for a branch office of Aspen Air Conditioning in Boca Raton, Fla, conducts audits and makes notes on how she can improve her own processes to encourage better compliance from others. These "self-audits" help her develop goals for herself and improve her performance. She treats auditing as a continuous process by weaving it into the culture of the organization. She tries to clean up on one issue at a time before moving on to the next one. This serves as an instance for the follow up actions to be taken by the HR Department, post submission of audit report. For details, check out Article by Theresa Minton-Eversole/ March 2021 <https://www.shrm.org/hr-today/news/hr-magazine/spring2021/pages/how-to-conduct-an-hr-audit.aspx> (accessed on 5/7/2022)

Activity 15.2 You are a member of an HR Audit team for auditing the

HR department of HN Info Systems Ltd. You have been asked by the team leader to identify the main headings of the HR audit report to be submitted to the company. Write the broad structure of the HR Audit report, identifying the headings of the sections/ sub-sections. Check Your Progress - 4 6. Which of the following includes general areas of coverage of an HR audit report? a. Company strategy b. HR strategy, HR functions c. HR department and production department d. HR strategy, compliance and HR functions e. HR strategy, HR functions, compliance, and employee satisfaction

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Which of the following does the style of the HR audit report need to follow? a. Does not have any format b. Should follow the corporate report writing style c. May be given as a presentation d. The auditor can select his personal style e. May be presented orally 8. What is important for the auditors before writing an HR audit report? a. Collect data and conduct research b. Find out from HR head what to include c. Discuss the findings with the trade unions d. Discuss with the employees e. Identify the faults in HR functioning 9. Which of the following should the introduction of the audit report include? a. Background and recommendations b. Background, executive summary, objectives and scope c. The organization structure of the company and the HR department d. Organizational culture and management styles e. How the audit was conducted? 10. In the audit report, the findings and recommendations should be structured to cover one of the following. Which is it? a. Results, opinions and who is responsible b. Findings, causes and who is to blame c. Compare the results with other companies d. Condition, standard, cause, consequences and what should be done e. Depends on the audit team

15.11 Summary ? The

audit report is a document that provides details of the results, findings, and recommendations of the audit team. ? HR audit report provides information on the current performance of the department and identifies aspects that can improve the department's contribution to the organization's growth and well-being. ? Normally, the audit report would comprise the context of the audit, audit objectives, audit criteria, audit methodology, findings and conclusions, and recommendations.

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The important aspects of an audit report may be summed up as identifying non-conformities, highlighting the positive aspects, opportunities for further improvement, and coping with challenges. ? Broadly, the readers and audience would be the line managers, specialist HR staff, HR manager, and the top management. ? Preparation for writing an audit report would include: discussion of findings with the top management, scrutiny of earlier audit reports, collection of data and research, identifying the focus areas, framing the findings and recommendations, focusing on the macro issues, and finalizing the report style and presentation. ? There are certain norms followed while writing an audit report which include, following a standard format, a well-balanced report including both the positive and the negative aspects, reports must be precise and ambiguous terms should be avoided avoiding passive voice in the report, use of gender- neutral terms, avoiding ambiguous audit terms, and use of bullet points for clarity. ? The findings, discussions and recommendations form the crux of any audit report. It is always advisable to avoid mixing the findings and opinions. The structure condition, criteria, cause, consequences, and recommendations help in structuring the report properly. ? The main benefits of writing an HR audit report are: standardization, clarification of the department roles and improved uniformity in geographically scattered organizations, ensuring compliance with a variety of laws, and alignment with the strategic plans of the organization. ? An HR audit report leads to improvement of business, reduces gaps in the alignment of the HR management and the business goals. It clarifies the role of HR functions in the organizational structure. ? The report covers aspects such as working conditions, communication, and welfare measures, which directly impact the motivation and morale of the employees. ? The normal procedure followed after submission of the audit report would be an oral presentation of the main findings and recommendations to the top management, and actions to be taken for follow-up on the recommendations. ? HR department/Manager prepares the action plan for follow-up actions, and the top management is kept informed about the progress in resolving issues/ pending points.

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Glossary Compensation: Compensation may be viewed as a means of providing monetary value, in exchange for the work performed by the employees. Competency: The ability to perform the task successfully or competently.

Compliance: Compliance is certification that the doer of an action or the manufacturer or supplier of a product meets the requirements of accepted practices, legislations, prescribed rules and regulations, specified standards, or terms of contract.

Comprehensive HR Audit: Such an audit would not only cover the performance of the HR department but also extend to evaluating the policies, practices, and the HR climate in the organization.

Employee Relations: Employee relations are the reciprocal expectations and behaviors, between employers and employees

Evaluation: The making of a judgement about the amount, number, or value of something. HR Audit Report: It is a

document that provides details of the results, findings and recommendations of the audit team. It describes and acknowledges the effective policies and processes being followed by the HR department and identifies practices and aspects that could be improved upon. It also covers recommendations for improvement of practices that are less effective. HR Planning: Human resource planning is the process for ensuring that the human resource requirements of an organization are identified and plans are made for satisfying those requirements.

Human Resources (HR) Audit: It is a formal method to review the functioning of the HR department of an organization.

Managerial Compliance: Compliance with the laws, regulations, contracts and policies while managing employees at work.

Manpower Planning: Manpower (HR) planning aims at predicting the labour requirements of the organization in the future to meet the organizational goals.

Performance Management: Performance management is the process of creating a work environment or setting, in which people are enabled to perform to the best of their abilities.

Readers of an HR Audit Report: Readers of an HR audit report are the HR specialist staff, line managers, the HR head, and the top management.

System: A system is a set of principles or procedures, according to which things operate together or something is done as an organized scheme or method.

Talent: It is the natural ability and attitude of an individual.

Transparency: Operating in such a way that it is easy for others to see what actions are performed.

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Self-

Assessment Test 1. Define HR audit. Which are the aspects that require to be included in the HR

Audit Report? 2. What are the important aspects of an HR audit report? 3. Identify the readers of the HR audit report. 4.

What are the important areas that should be prepared before writing the HR audit report? 5. What do you understand by the methodology of writing the audit report? 6. Outline the format of a typical HR audit report including its sections and sub- sections. 7. What are the benefits of an HR audit report? 8. How does the HR audit report help in improving the business prospects of a company? 15.14

Suggested Readings/Reference Material 1. Debasish Biswas (2021). Human Resource Planning and Utilization, Crescent Publishing Corporation, First Edition. 2. Nishant Uppal (2020). Human Resource Analytics: Strategic Decision Making, Pearson Paperback, First Edition. 3. Pravin Durai (2020). Human Resource Management, Pearson, Third Edition. 4. Sekhri, A. (2016). Human Resource Planning and Audit. Himalaya Publishing House, First Edition. 5. T.V. Rao (2014).

HRD Audit: Evaluating the Human Resource Function for Business Improvement, Second Edition, Sage Publications. 6. Swati Dhir, Suparna Pal (2021). Human Resource Analytics: Theory and Application Techniques, Cengage India, First Edition. 15.15 Answers to Check Your Progress Questions 1. (

c) Provides details of the results, findings, and recommendations of the audit team
The

audit report is a document that provides details of the results, findings, and recommendations of the audit team. 2. (e) HR staff, Line managers, HR head and top management The readers/ audience of an HR audit report are Line managers, HR specialist staff, HR head and top management.

Unit 15: Writing an HR Audit Report 47 3. (d) Rewrites the HR policies and processes Rewriting the HR policies and processes is not an important aspect of HR audit report. The important aspects of HR audit report are it brings out the weak areas of HR functioning, highlights the positive aspects, and identifies the future challenges of HR functions. 4. (a) Performance of the HR department and evaluation of policies and practices A

comprehensive HR audit would not only cover the performance of the HR department but also extends to evaluating the policies, practices, and the HR climate in the organization. 5. (

b) Included in the report The context and the methodology of the HR audit are specified and need to be included in the HR audit report. 6. (e) HR strategy, HR functions, compliance and employee satisfaction Coverage of an HR audit report includes HR strategy, HR functions, compliance with regulations and policies, and employee satisfaction. 7. (b) Should follow the corporate report writing style The style of the HR audit report should, as far as possible, follow the corporate report style, to enable better understanding and acceptance by the readers. 8. (a) Collect data and conduct research

Before writing an HR audit report, there is a need to collect data to support the findings and conduct research to identify patterns in the data collected. 9. (b) Background, executive summary, objectives and scope The introduction of an audit report should include company details, background information, executive summary, objectives, and scope. 10. (d) Condition, standard, cause, consequences and what should be done In the audit report, the findings and recommendation should be structured to cover details of the problem, probable cause, consequences if action is not taken, and the suggested course of action to resolve the issue.

Human Resource Planning and Audit
Course Structure Block 1: Human Resource Planning Unit 1 Challenges and Paradigm Shifts in HR Department Unit 2 Basics of Human Resource Planning Unit 3 Arriving at Effective Human Resource Planning Block 2: Strategic HR Planning Unit 4 Basics of Strategic Planning Unit 5 Strategic Manpower Planning Unit 6 Strategic Planning in HR Core Areas Unit 7 Strategic Issues in Succession Planning Unit 8 HR Planning Issues in Restructuring Organizations Unit 9 Measuring Human Resource Effectiveness Unit 10 HR Analytics in HR Planning
Block 3: Human Resource Auditing Unit 11 Basics of HR Audit Unit 12 Human Resource Audit: Competencies, Strategies, Systems, and Structure Unit 13 Audit of HR Functions
Block 4: Effective Human Resource
Auditing and Audit Report Writing Unit 14 Conducting Effective HR Audit Unit 15 Writing an HR Audit Report

Hit and source - focused comparison, Side by Side

Submitted text	As student entered the text in the submitted document.
Matching text	As the text appears in the source.

1/11	SUBMITTED TEXT	21 WORDS	81% MATCHING TEXT	21 WORDS
	the organization's HR policies, practices, procedures, and strategies to protect the organization, establish best practices, and identify opportunities for improvement.		the organization's HR policies, procedures, documentation, systems, practices and strategies to protect the organization litigation, establish best practices, and identify opportunities for improvement.	
	W https://www.experthumanresources.com/downloads/eBooks/HR-Audit-Checklist.pdf			
2/11	SUBMITTED TEXT	21 WORDS	100% MATCHING TEXT	21 WORDS
	the organization's HR policies, practices, procedures, and strategies to protect the organization, establish best practices, and identify opportunities for improvement.		the organization's HR policies, practices, procedures and strategies to protect the organization, establish best practices and identify opportunities for improvement.	
	W https://www.shrm.org/resourcesandtools/tools-and-samples/toolkits/pages/humanresourceaudits.aspx			
3/11	SUBMITTED TEXT	56 WORDS	100% MATCHING TEXT	56 WORDS
	A 2020 study based on findings from 136 Kenyan manufacturing SMEs showed that 23% of the differences in performance of those companies resulted from poor or unsatisfactory human resource management. One way to address this issue is through the establishment of HR philosophies that uphold periodic HR policy evaluations, also referred to as HR audits.		A 2020 study based on findings from 136 Kenyan manufacturing SMEs showed that 23%of the differences in performance of those companies resulted from poor or unsatisfactory human resource management. One way to address this issue is through the establishment of HR philosophies that uphold periodic HR policy evaluations, also referred to as HR audits.	
	W https://www.myworkpay.com/blogs/why-organizations-should-be-conducting-regular-hr-audits			
4/11	SUBMITTED TEXT	34 WORDS	52% MATCHING TEXT	34 WORDS
	Audit A human resources audit is a systematic review of human resources policies, practices, procedures, and systems, to fulfill the HR needs as well as to ensure compliance with ever-changing rules and regulations.		Audit? A Human Resources Audit (or HR Audit) is a comprehensive method (or means) to review human resources policies, procedures, documentation and systems to identify needs for and enhancement of the HR as well as to compliance with ever-changing rules and regulations.	
	W https://strategichrinc.com/hr-audit/			

5/11	SUBMITTED TEXT	98 WORDS	98% MATCHING TEXT	98 WORDS
	audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.		audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtainmng an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to -fraud or error.	
	W https://sail.co.in/sites/default/files/2022-06/Audited_Accounts_CMSCL_2021-22.pdf			
6/11	SUBMITTED TEXT	33 WORDS	32% MATCHING TEXT	33 WORDS
	A human resources audit is a systematic review of human resource policies, practices, procedures, and systems to fulfil the HR needs and to ensure compliance with the ever-changing rules and regulations. ?		A Human Resources Audit (or HR Audit) is a comprehensive method (or means) to review current human resources policies, procedures, documentation and systems to identify needs for improvement and enhancement of the HR function as well as to assess compliance with ever-changing rules and regulations.	
	W https://strategichrinc.com/hr-audit/			
7/11	SUBMITTED TEXT	21 WORDS	81% MATCHING TEXT	21 WORDS
	the organization's HR policies, practices, procedures, and strategies to protect the organization, establish best practices, and identify opportunities for improvement.		the organization's HR policies, procedures, documentation, systems, practices and strategies to protect the organization litigation, establish best practices, and identify opportunities for improvement.	
	W https://www.experthumanresources.com/downloads/eBooks/HR-Audit-Checklist.pdf .			
8/11	SUBMITTED TEXT	21 WORDS	100% MATCHING TEXT	21 WORDS
	the organization's HR policies, practices, procedures, and strategies to protect the organization, establish best practices, and identify opportunities for improvement.		the organization's HR policies, practices, procedures and strategies to protect the organization, establish best practices and identify opportunities for improvement.	
	W https://www.shrm.org/resourcesandtools/tools-and-samples/toolkits/pages/humanresourceaudits.aspx			

9/11	SUBMITTED TEXT	21 WORDS	92% MATCHING TEXT	21 WORDS
	audit was conducted in conformance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing		audit was conducted in accordance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing,	
	W https://www.osfi-bsif.gc.ca/eng/docs/iar_hrpm.pdf			
10/11	SUBMITTED TEXT	32 WORDS	88% MATCHING TEXT	32 WORDS
	PwC), cybersecurity and data protection specialists give employees the tools, information and confidence that they need, to manage risk and make informed decisions. Combining expert legal advice with leading technology,		PwC, our cybersecurity and data protection specialists give you the tools, information and confidence that you need, to manage risk and make informed decisions. Combining expert legal advice with leading technology,	
	W https://www.pwc.com/gx/en/services/legal/cybersecurity-and-data-protection.html			
11/11	SUBMITTED TEXT	20 WORDS	76% MATCHING TEXT	20 WORDS
	through the complex web of international regulation, strengthening their data and compliance processes, and helping them achieve their goals.		through the complex web of international regulation, strengthening your data and compliance processes, and helping you achieve your goals.	
	W https://www.pwc.com/gx/en/services/legal/cybersecurity-and-data-protection.html			