

Member's Quarterly

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Feature

The Key to HR Audit

Unlock your organizational success



Carla Hurley
M.Ed., CPHR,
SHRM-SCP
Hurley HR

When we think of an audit, it often suggests the idea of intense scrutiny and criticism. However, in today's rapidly changing work environment, it's unrealistic for HR professionals to predict and incorporate every change as it occurs. Rather than seeing audits as mere critiques, it's more productive to shift our focus toward continuous improvement and use audits as tools to evolve HR practices and empower the organization. A HR audit serves as an iterative process, not only helping HR adapt to changes, but also proactively addressing risks and positioning the organization for future success. By adopting a mindset of advancing HR excellence, professionals can leverage audits to enhance organizational value and achieve desired outcomes.

A well-planned HR audit serves as a strategic pause, allowing us to evaluate and strategize for the ever-changing landscape of HR best practices. Whether it's a targeted review of a specific functional area or a comprehensive assessment of the entire employee lifecycle, a properly designed audit encompasses various crucial elements. This includes assessing legal and regulatory compliance risks, adapting policies and processes to evolving standards, and reviewing the strategic alignment of best practices for relevance, scale and efficacy.

In preparation for audits, whether conducted internally or externally, standardized checklists are often used to evaluate HR practices against predetermined criteria. These criteria can be developed using the employee lifecycle as a framework, with detailed best practice elements listed for each category. For instance, in the Recruitment and Selection function, categories might include Job Vacancies, Job Descriptions, Job Postings, Resume Screening, Interview Questions/Scoring, Checks, Offer Letters/Contracts, Communication and Record Retention. The documentation of a comprehensive audit tool to assess other HR functions would follow a similar process. Assessors then evaluate whether HR policies, processes and practices are present within each category and detailed sub-categories as well as the level of deficiency. One straightforward method to accomplish this is the 'traffic light' approach, where the audit criteria are evaluated in a table as follows: Green (no improvements required at present), Yellow (minor improvements needed), Orange (significant improvements necessary), and Red (urgent attention or new program development required). Please keep in mind that this review offers a high-level assessment rather than a statistically significant one; it aims to inform direction and progress rather than perfection.

By evaluating the presence or absence of each criterion and assessing its scope, auditors can then rank the elements to develop an actionable plan. To aid in this process, an impact effort matrix can be utilized. This matrix features an X-axis for urgency and a Y-axis for impact or importance. It allows for the mapping of yellow, orange and red enhancements in the matrix to identify and prioritize risks and initiatives. The output is a visual representation of urgent and impactful priority areas for improvement. Hence, leveraging data infused with contextual cues can empower organizational decision-making concerning enhancements in HR practices.

To further optimize this process, HR professionals should involve select business leaders, fostering a collaborative dialogue and jointly crafting a prioritized action plan. Soliciting feedback and input from stakeholders highlights the systematic approach to the audit. As well, it fosters a sense of engagement,

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Feature continued

inclusivity and collaborative ownership in deciding what improvement efforts directly contribute to improving HR practices that impact the organization's bottom line.

Finally, transparent communication of audit results and implementation plans to both the HR team and the wider organization is paramount for fostering trust and accountability. HR leaders should ensure that the findings are conveyed in a clear, comprehensible manner, avoiding jargon and technical language. By openly discussing the outcomes, including strengths and areas for improvement, HR demonstrates a commitment to transparency and a willingness to address challenges head-on. Moreover, providing context around the audit process and explaining the rationale behind the identified issues helps HR employees understand the importance of the assessment and their role in driving positive change as business partners. Overall, transparent communication of audit results fosters a culture of openness and collaboration setting the stage for continuous improvement within the organization.

Carla Hurley is HR/PHS/Change Consultant with HURLEY HR and can be reached via email at carlahurley@eastlink.ca.