

# Griffin Resources

Your HR Solutions Partner

# HR Audit Checklist



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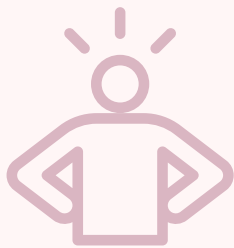
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# ■ What is an HR Audit?

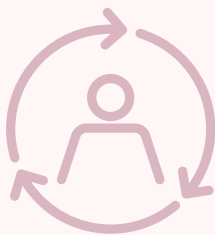
A human resources audit measures human resources' effectiveness and efficiency and demonstrates the value of human resources in helping an organization meet its strategic goals.

Overall, the intent among Company's leadership team to do the "right thing" within the organization, is commendable. Special emphasis is being placed on improving or implementing policies and procedures to make certain they comply with state and federal requirements, as well as being consistent and manageable.

Many changes are suggested to improve processes and procedures, as well as:



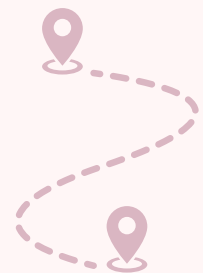
Instill a sense of confidence that HR functions are professionally managed.



Maintain or enhance the company's retention rate.



Establish a benchmark from which to measure ongoing improvements.



Provide a roadmap to ensure compliance during projected growth.

## ■ Goals

The primary audit goals are to:

- Evaluate the efficacy of the human resources function concerning Company's adherence to state and federal employment regulations and best practices,
- Assess key human resource metrics and uncover factors impeding Company's operational efficiency,
- Recognize potential compliance vulnerabilities for the purpose of defending employment practices against challenges, and
- Identify required measures for facilitating future growth.



## ■ Responsibilities

- Review of Materials and Relevant Reports to include human resources documents such as policies and procedures manual, and ask human resources related questions regarding recruitment success, turnover, legal complaints, employee complaints, diversity, training, and development, etc.
- Interview Staff Members to follow-up on questions derived from a review of the written materials.
- Conduct Review of Findings during the audit.
- Writing of the report, based upon the findings.

## ■ Objectives

- **Compliance:** Ensure that the company is complying with all relevant laws and regulations related to employment, such as labor laws, equal employment opportunity laws, and other applicable regulations.
- **Recruitment and Selection:** Evaluate the effectiveness of the company's recruitment and selection process in terms of identifying and selecting the most qualified candidates.
- **Employee Retention:** Assess the company's strategies for retaining employees, including employee engagement, development, and benefits.
- **Performance Management:** Evaluate the effectiveness of the company's performance management process, including goal-setting, performance evaluation, and feedback.
- **Training and Development:** Assess the company's training and development programs, including the extent to which they are aligned with the company's goals and objectives.
- **Compensation and Benefits:** Evaluate the company's compensation and benefits programs, including the extent to which they are competitive and aligned with industry standards.
- **Employee Relations:** Assess the company's employee relations practices, including the effectiveness of its grievance procedures, disciplinary actions, and other employee relations policies.
- **HR Policies and Procedures:** Evaluate the company's HR policies and procedures, including the clarity of communication, consistency of implementation, and adherence to legal and ethical standards.
- **HR Information Systems:** Evaluate the company's HR information systems, including the accuracy and completeness of employee records, and the effectiveness of the system in supporting HR decision-making

## ■ Possible Documents for Review

- 401k Form and Disclosures
- AFLAC or Similar Voluntary Benefit Forms and Disclosure
- Medical, Dental, and Vision Benefit Plan Documents
- Certificate of Good Standing
- Credentialing Files (Medical Companies)
- Credentialing Policies (Medical Companies)
- Delegation and Separation of Duties
- Employee Performance and Training
- State Department New Hire Filings
- Interviewing and Selection Process
- IRS EIN Letter
- OSHA and Safe Environment Process and Policies
- Lease Agreements
- Mediation Settlement Agreement
- Job Descriptions
- New Hire Packet
- Organizational Chart
- Pay Classifications
- Personnel Requirements
- Employment Agreements and Offer Letter Templates
- Policy Manual/Handbook
- Restricted Unit Award Agreement
- Restrictive Covenants Agreement
- Time Worked/Overtime
- Transition of Services Agreements
- Employee Files
- Complaints/Grievances
- Performance Evaluations
- Workplace Accident/Injury Investigation
- Workers Compensation Claims



## ■ Findings and Related Recommendation



In general, the human resources audit entails a review and evaluation of the following areas and the findings and recommendations in the various aspects of the human resources practices within the federal and state regulations for the company's size.

- Benefit Administration
- Files, Record Maintenance and Technology
- Communications
- Performance Management
- Compensation/Wage Administration
- Promotion Practices and Trends
- Employee Relations
- Recruitment, Hiring and Selection
- Employee Training and Development
- Staffing and Organizational Structure
- Employee Policies, Practices and Procedure

■ Each audited area should include the following type of findings and recommendations:



A **major** finding puts any of the following at risk based on safety, employment law compliance, and potential employee complaints to official offices or attorneys. Those who have a potential to be at risk are the company, leaders, and employees. This risk could involve personal and professional damages. A major finding also includes all or most elements of a minor finding as described below.



A **minor** finding is one that would improve the human resources operations of the company. They are considered the best practice in the human resources field and help maintain positive employee morale and good public service. However, there are no significant compliance concerns on the surface of the findings. They are simply good business practice suggestions.



A **future growth concern** is one that would become a concern once a headcount threshold is reached. They will need to be closely monitored and properly addressed as the company grows to avoid a major compliance issue in the future.

# ■ HR Audit Checklist

An organized and systematic approach to HR record-keeping is essential for compliance, transparency, and efficiency within your organization. This checklist should be tailored to your specific organizational needs and industry regulations. At Griffin Resources, we can help ensure full compliance with all applicable laws and regulations. Below is a general list of just some of the auditing items we complete for our clients:

## Hiring Compliance

- Is there an Affirmative Action Plan (AA) in place for our company, specifically for when we have 50 or more employees? Additionally, do we specify the individual or department responsible for overseeing and updating the AA plan on an annual basis?
- Does our company use E-Verify or a similar verification process? (E-Verify is required in Alabama, Arizona, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Utah, and Florida (as of July 1, 2023 for private employers with 25+ employees))
- Is our company compliant with the Fair Labor Standards Act (FLSA)?
- Are our I-9s on file and audited for employee work eligibility? Is a process in place for non-verified workers? Is there a process in place for non-acceptable documents found during audits?
- Is our company following best hiring practices such as current job descriptions compliant with EEOC/SHRM, job mobility process, applicant tracking process, formal application process?
- Do we have a formal job offer process and onboarding process?
- Do new employees fill out A W-4? Is it reported to the IRS? Are all new employees reported to the IRS?



## **New Employees**

- Does our company have formal written HR policies?
- Does our company have a written handbook and is it reviewed by an attorney? Does it cover all policies? What is missing? Are they well-written and understandable?
- How is the handbook administered to employees?

## **Wages and Hours**

- How are time and attendance records compiled and maintained (time clock, paper/pencil) and audited for correctness?
- What payroll service is used?
- Are workweeks defined? Are full-time and part-time hours defined?
- Do we have a process for overtime, 1099, and contract employees?
- Do we have a formal pay structure for job/pay bands, hiring rates, increased timetable, and guidelines and is it communicated to employees?
- Are pay increases related to on-the-job performance?

## Benefits

- Do we have a formal, written benefit plan? Medical? Formal leave/PTO policy?
- Are applicable reporting documents such as 550's filed?
- Are SPD's provided to participants, where required?
- Are plan documents in compliance with ERISA?

If we have 50+ employees:

- Are we compliant with the Affordable Care Act – ACA?
- Are we compliant with Consolidated Omnibus Budget Reconciliation Act – COBRA?
- Are we compliant with Family and Medical Leave Act – FMLA?

## Employee Relations

- Does our company have formal communications instruments?
- Does our company have a written separation policy?
- If there is an EE medical benefit plan, is our company compliant with COBRA notification process?
- In the event severance is offered, does our company have a legally compliant severance agreement? Does our company have a rehire agreement?
- Does our company have a policy regarding providing references?
- Does our company have a formal progressive discipline process? Who is responsible for managing the process?

## **Safety and Security**

- What position is responsible for maintaining OSHA logs and information?
- Is there an emergency response/preparedness process in place?
- Who is in contact with OSHA?

## **Discrimination and Employee Rights**

- Is our company ADA compliant (15 or more employees)- written policy, use of government forms, who administers, process used, etc.
- Do we have an anti-discrimination policy? Is it written and does it include how to report procedures, details about the investigation, the process to make the final determination and witness statements?
- Do we have a policy and documented process for conducting discrimination compliant investigations?

## **Worker's Compensation**

- Who is responsible for managing worker's compensation?
- Is there valid worker's insurance in place? Who maintains it?
- Is there a valid WC policy written? How is it communicated to employees?
- Who investigated incidents? Do they maintain WC logs for compliance?
- Who audits the WC logs? Where are they filed?
- Are there formal return-to-work policies in place? If so, what position is responsible for developing them? Who is responsible for maintaining contact with employees while they are on leave?

# Record Keeping and Documentation

- Is our company required to file an annual EEO-1 report? Are they available for review?
- Does our company have a written record retention policy? Are they maintained according to policy? How long are they to be kept for?
- Are all required posters current and displayed in areas where employees can see them? (minimum wage, polygraph, OSHA, EEO, FMLA, USERRA, etc)
- How does our company handle record keeping to demonstrate non-discrimination in areas like race, color, religion, sex, and national origin?
- What is our company's approach to documenting the provision of accommodations for individuals with disabilities and preventing discriminatory actions?
- How does our company maintain records that showcase fair treatment and the absence of age-based discrimination for employees over 40 years old?
- What procedures are in place to ensure accurate record-keeping concerning minimum wage, overtime, and employee-related information?
- How does our company document instances of providing unpaid, job-protected leave for medical and family reasons as required?
- How does our company maintain documentation for employment-related decisions such as hiring, promotions, and disciplinary actions?
- How does our company ensure that employment contracts and agreements are properly documented and compliant with relevant laws?

# Federal Employment Compliance <sup>[1]</sup>

All company sizes:

## **Consumer Credit Protection Act (CCPA):**

- Are our employees protected from discharge due to wage garnishment for any one debt?
- Is the amount of earnings garnished in one week limited as per CCPA regulations?

## **Employee Polygraph Protection Act (EPPA):**

- Do we prohibit the use of lie detector tests during the employee interview process or employment?
- Is the EPPA poster prominently displayed at our workplace?

## **Employment Retirement Income Security Act (ERISA):**

- Have minimum standards been set for our employee benefit plans, including retirement and welfare benefit plans?
- Are our plan participants adequately informed about plan features, funding, and responsibilities?

## **Equal Pay Act (EPA):**

- Do we provide equal compensation for equal work, regardless of gender?
- Is the EPA poster visibly displayed at the workplace?

## **Fair and Accurate Credit Transactions Act (FACT):**

- Are our employees protected against identity theft as required by FACT?

# Federal Employment Compliance

All company sizes:

## **Fair Labor Standards Act (FLSA):**

- Have federal minimum wage, overtime, recordkeeping, and child labor laws been established and adhered to?
- Are our employees who work more than 40 hours in a workweek paid overtime at a rate of 1.5 times their regular rate?

## **Federal Income Tax Withholding:**

- Are the correct percentages of employee wages withheld for federal income tax?

## **Federal Insurance Contribution Act (FICA):**

- Are the required percentages of employee wages withheld for Social Security and Medicare?

## **Health Insurance Portability and Accountability Act (HIPAA):**

- Is the privacy of our employees' protected health information ensured?
- Do we refrain from obtaining employees' health information from healthcare providers?

## **Immigration Reform & Control Act (IRCA):**

- Do we verify that all employees can legally work in the United States?
- Are up-to-date I-9 forms maintained for all employees?

# Federal Employment Compliance

All company sizes:

## **Jury Systems Improvement Act (JSIA):**

- Are our employees not dismissed or punished for fulfilling jury duty obligations in federal court?

## **National Labor Relations Act (NLRA):**

- Do we protect employees' rights to form or join unions and engage in collective action without employer discipline?

## **Occupational Safety and Health Act (OSHA):**

- Have we provided a safe workplace by following federally-set standards for safety, hazard communication, and personal protective equipment?
- If we have at least 11 employees, are OSHA records being maintained in compliance with regulations?

## **Sarbanes-Oxley Act (SOX):**

- Are we following mandates in financial recordkeeping to combat fraud and improve financial disclosures?

## **Uniformed Services Employment & Reemployment Rights Act (USERRA):**

- Are military workers protected from employment discrimination based on their service?
- Do we allow employees to return to their previous job after military service as required by USERRA?

# Federal Employment Compliance

20+ company sizes:

## **Age Discrimination in Employment Act (ADEA):**

- Are our applicants and employees who are 40 years old or older protected from age-based discrimination?

## **Consolidated Omnibus Budget Reconciliation Act (COBRA):**

- Do we provide the right to continue employer-sponsored health benefits in certain situations when coverage would otherwise be lost?

50+ Employee Company (Applicable Large Employers - ALEs):

## **Affordable Care Act (ACA)'s Employer Shared Responsibility Provisions:**

- Have we offered affordable health insurance benefits meeting minimum value standards to full-time employees as required by ACA?

## **Affirmative Action Program (AAP):**

- Have programs been established to ensure equal advancement opportunities, regardless of factors such as race, religion, gender, and more?

100+ Employee Company:

## **EEO-1 Survey Filing:**

- Do employers with 50+ employees who are federal contractors submit an EEO-1 report, categorized by gender identity, job category, race/ethnicity, wages, and hours, to the Equal Employment Opportunity Commission (EEOC)?

100+ Employee Company (Federal Contractors):

## **Worker Adjustment Retraining Notification Act (WARN):**

- Do we provide at least 60 days' advanced notice of workplace closings and mass layoffs affecting 50 or more workers at a single site as required by WARN?



**Griffin Resources**

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# How to Contact Us



[Schedule a free consultation call](#)



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## ■ Prefer to have us do it for you?

 TOTAL AMOUNT

**\$ 7,500.00**

The HR compliance audit fee encompasses up to **45 hours of dedicated service**. Should the audit require additional hours beyond this initial allotment, these extra hours will be billed under the applicable professional hourly fee structure outlined in the client Master Service (MS) Agreement.