

## HR Performance Audit overview

A HR Performance Audit is a great tool to undertake an assessment of your current HR practices. It will ensure you are compliant with the key provisions of the Fair Work Act 2009, mitigating risks associated with non-compliance. In addition to this, it will allow you to benchmark where your current HR practices are at in comparison to best practice.

The HR Performance Audit will involve a consultant coming on site at your workplace. They will then utilise all of the information collected to prepare an Audit report for your organisation on the findings.

Below you will find a detailed overview of what is included as part of the HR Performance Audit.

### Document Review

Integral to any HR audit is the employment contract. Liquid HR will review the employment contract templates currently used by your organisation and a sample of executed employment contracts on file to ensure compliance with applicable Modern Awards and associated Individual Flexibility Agreements, Annualised Salary/Guaranteed of Annual Earnings Agreements and the *Fair Work Act (2009)*. A sample position description will also be reviewed to ensure compliance with the express and implied obligations of the employment relationship.

Existing HR policies and procedures will be reviewed to further determine your organisations level of compliance and duty of care to mitigate risk. Amendments and recommendations for additional policies will be made for both compliance and best practice purposes.

### Records Review

As part of the on-site review, Liquid HR will randomly select and examined a sample of 10 hard copy employee files to determine the completeness and accuracy of a range of information and data. Accurate employee records are a requirement of the *Fair Work Act (2009)*. This aspect of the review supports recommendations to address gaps in your organisations record keeping and improve the data integrity of workflow systems and processes. Employee records include the following:

- Signed employment agreement
- Signed taxation declaration form
- Signed position description
- Signed superannuation choice form
- Resume & references
- Educational qualifications
- Personal records, contact details, bank details
- Payroll details (pay rates, bonuses, incentives, salary sacrifices)
- Centrelink letters

- Acknowledgment of policies & procedures
- Probation / Confirmation of employment
- Change of employment status (casual, part-time, full-time, contractor)
- Completion of employer funded training
- Salary increases / Increments
- Higher duties / Loadings
- Leave verifications
- Medical certifications
- Change of hours
- Staff transfers & change in reporting line
- Terminations (Resignations / Redundancies)

### **Payslip Compliance**

Liquid HR will review a payslip from the latest pay run and check that the employee was paid appropriately.

### **Worker Compensation Insurance**

It is a legal requirement that your organisation keeps accurate and up-to-date workers compensation insurance. Liquid HR will review the current policy against the current state of the organisation to ensure that your organisation is appropriately covered and it is applying the appropriate WIC code for your industry.

### **Review of current HR Practices**

Through interviews with key stakeholders and a review of current processes and documentation, Liquid HR will undertake an analysis of the current HR practices, including:

- **Recruitment and Selection** – an analysis of how talent is currently recruited in the organisation, which will involve a review of:
  - the recruitment process, including how a vacant role is identified and whom is responsible
  - The medium in which vacancies are advertised, including the cost and effectiveness of this
  - Whether the organisation has a current way to track and maintain contact with external talent
  - Recruitment documentation, including phone screening guides, interview questions and reference checks

- The offer process, including how the remuneration for the role is determined, whether this is benchmarked to the industry and how the role is offered to the candidate
- **Onboarding** – an analysis of how new team members are introduced to the organisation, which will involve a review of:
  - Any communication to a new team member prior to their commencement in the role
  - The onboarding process currently in operation – including a review of what happens when a new team member currently joins the organisation, comparing this to HR best practice.
- **Managing Performance** – an analysis of how performance is currently managed in the organisation, which will involve a review of:
  - How any performance issues/concerns are currently addressed, including a review of current performance documentation utilised (discussion records, warning templates etc)
  - 5 random samples of performance documentation currently on file and whether this documentation would meet the required standards of the *Fair Work Act 2009*, should the performance issue proceed to termination
  - The performance appraisal process and guidelines, including performance appraisal documentation
  - How goals/KPIs are currently set for team members to determine if these are linked to the broader organisational objectives
  - How leaders are provided with feedback on their performance and opportunities for further growth
- **Retention** - an analysis of the organisations current turnover which will involve a review of:
  - Turnover for the last 12 months
  - Any exit interview data that has been collected, in order to identify any patterns or areas of concern that can be addressed
  - Any retention initiatives that have been put in place to retain high potential employees
- **Learning and Development** – an analysis of the organisations current Learning and Development which will involve a review of:
  - The current learning and development processes in place, including how learning and development opportunities are identified and offered to employees

- Any learning and development initiatives currently offered
- Any potential opportunities to improve the learning and development offer
  
- **Remuneration** – an analysis of the organisations current remuneration and benefits structure which will involve a review of:
  - How remuneration is currently determined, including a review of the current remuneration framework and policies
  - Any market benchmarking that has been completed by the organisation
  - How remuneration is determined for any internal promotions or transfers
  - The perceived value of any benefits that are currently offered to employees and recommendations for any additional benefits that could be considered to have a positive impact on engagement and retention
  - Any bonus/incentives currently in place and whether this is clearly documented and communicated to employees