

THE HUMAN RESOURCES AUDIT ASSESSMENT

Many small to medium size businesses face the daunting task of administering their human resources function with little or no dedicated resources. Often, these duties are spread among several people within the organization. Following the legal requirements and maintaining compliance with various rules and regulations can be costly. However, the cost of not complying can be great; either in the form of fines and penalties, or legal settlements. The purpose of this checklist is to help you to assess the current state of your human resources function.

EMPLOYMENT

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|--------------------------------|--|-----|
| Job Descriptions | Do you have job descriptions? | Y N |
| <i>If yes:</i> | Have they been updated in the last 3 years | Y N |
| Employment Application | Do you use employment applications? | Y N |
| <i>If yes:</i> | Has it been reviewed to ensure it is in compliance with the law? | Y N |
| Written Recruitment Procedures | Do you have written recruitment procedures including standards for reference checking and offer letters? | Y N |
| Interview Training | Do you conduct interview skills training for your hiring managers? | Y N |
| New Employee Orientations | Are you conducting new employee orientations on a regular basis? | Y N |

ADMINISTRATION

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| Employee Handbook | Do you have an employee handbook? | Y N |
| <i>If yes:</i> | Has it been updated in the last 3 years? | Y N |
| <i>Also:</i> | Has it been reviewed for compliance with required legal language? | Y N |
| Personnel Policies | Have you developed policies on the following subjects: | |
| | Pregnancy & Parental Leave | Y N |
| | Absenteeism / Sick Leave | Y N |
| | Harassment | Y N |
| | Jury Duty | Y N |
| | Smoke Free Workplace | Y N |
| | Internet Security | Y N |
| | Company Vehicles & Usage | Y N |
| | Vacations | Y N |
| | Code of Conduct | Y N |
| | Progressive Discipline | Y N |

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| Personnel Files | Do your personnel files contain only appropriate and relevant information? | Y N |
| WSIB | Are you auditing statements and complying with WSIB Legislation? | Y N |
| Return to Work Program | Do you have a formalized early and safe return to work program in place? | Y N |
| Required MOL posters displayed | Are the required Ministry of Labour (i.e. ESA Rules and Regs.) posters displayed in all locations? | Y N |
| Pay Equity Plan | Are you required to have a Pay Equity Plan? (10 or more employees). | Y N |
| <i>If yes:</i> | Do you have a current plan in place? | Y N |
| Performance Appraisals | Do you have a performance review program? | Y N |
| <i>If yes:</i> | Are you satisfied with the outcomes of the program? | Y N |
| <i>Also:</i> | Is it consistently administered? | Y N |
| <i>Also:</i> | Does the program include both salaried and hourly Employees? | Y N |

BENEFITS

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| Benefits Coverage and Plan Design | Are you satisfied that your current benefits offerings are meeting the needs of both your employees and your corporate cost objectives? | Y N |
| EAP | Do you have an Employee Assistance Plan provider? | Y N |
| <i>If yes:</i> | Are you getting regular utilization reports and feedback? | Y N |
| Benefits Broker | Are you satisfied with the service and advice you are receiving from your broker? | Y N |
| Benefits Costs | Do you know whether or not your benefits costs are competitive and affordable? | Y N |

COMPENSATION

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| Exempt or Non-Exempt Classification | Do you know the difference between exempt and Non-exempt employees and the classification Requirements? | Y N |
| <i>If yes:</i> | Are you following the required classifications for all positions? | Y N |
| | Do you keep the required records for non-exempt employees? | Y N |
| | Are you calculating overtime correctly and paying Appropriately for non-exempt employees? | Y N |
| ESA Compliances | Are you aware of and complying with all ESA requirements with regards to compensation issues? | Y N |
| Bonus Program | Do you have a bonus program? | Y N |
| <i>If yes:</i> | Is it defensible and fairly administered? | Y N |

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| Job Evaluations | Have all the jobs been formally evaluated in the past three years? | Y N |
| <i>If yes:</i> | Is the process recognized by Pay Equity ? | Y N |
| Compensation Summaries | Do you provide your employees with a complete Annual statement of all direct and indirect compensation? | Y N |
| Strategy | Do you have a compensation strategy? | Y N |

TRAINING

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| Training Programs | Do you provide regular training for Supervisors and Managers in the areas of: | |
| | Basic Employment Law | Y N |
| | Interviewing Skills | Y N |
| | Conducting Performance Reviews | Y N |
| | Progressive Discipline | Y N |
| | Supervisory Acumen and Skills | Y N |
| | Leadership Training | Y N |

HEALTH AND SAFETY

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| Federal and Provincial Regulations | Are you aware of your legislated safety Requirements? | Y N |
| <i>If yes:</i> | Do you have a written Health and Safety Policy? | Y N |
| | Do you have first aid kits readily available? | Y N |
| | Is your Health and Safety Bulletin Board maintained and current? | Y N |
| | Do you have a Safety Committee that meets regularly? | Y N |
| Hazard Communication | Do you have a written Hazard Communication Program? | Y N |
| MSDS | Do you maintain MSDS correctly? | Y N |
| Hazardous Substances | Do you provide hazardous substances training to employees annually? | Y N |
| Safety Inspections | Do you have a policy / procedure for Inspections? | Y N |
| PPE | Do you enforce the use of required and Necessary safety equipment? | Y N |
| Wellness | Does your organization have a formalized Wellness Program in place? | Y N |

GRIEVANCE, DISCIPLINE AND TERMINATION

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| Employee Complaints | Do you have a procedure for fair complaint resolution? | Y N |
| Disciplinary Policies | Do you have a progressive disciplinary Policy and Procedure? | Y N |
| <i>If yes:</i> | Is it used consistently? | Y N |
| Termination Policy | Do you have written Policy and Procedure on terminations / dismissals? | Y N |
| <i>If yes:</i> | Is it enforced consistently? | Y N |
| Final Pay and R.O. E.'s | Are final pay entitlements and Records of Employment handled appropriately? | Y N |
| Exit Interviews | Do you conduct documented exit interviews? | Y N |

RATE YOUR HR FUNCTION

How many of the questions did you answer “yes” to?:

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| <p>➤ 65 = Great! Your Company has a good handle on managing the HR function. Review the areas in which you answered “no” to see where improvement is still needed.</p> |
| <p>55 – 65 = Good..... Your Company is in relatively good shape but has several areas that require more attention to the HR function.</p> |
| <p>< 55 = HELP!..... Your Company needs to review the HR function and to determine a better way to manage this process. Your current function has many holes which can prove costly to the Company if not addressed and managed.</p> |

WHAT DOES YOUR HR FUNCTION COST?

Take a moment to review the amount you are spending on your HR function. Keep in mind that these costs may not be just “hard costs”, but also time that is being taken by your staff to complete each function. Take time to quantify these hidden costs.

ANNUAL COSTS

| | | |
|--|--|-----------|
| Recruitment | Agencies/Search Firms | \$ |
| | Time for recruiting | \$ |
| | Preparation time for new employees | \$ |
| | Time to conduct new employee orientations | \$ |
| | Other | \$ |
| Policies and Procedures | Time spent administrating Company policies | \$ |
| | Legal and professional fees to Draft policies and handbook | \$ |
| | Time lost due to unclear or Absence of Company Policies | \$ |
| | Other | \$ |
| Benefits | Costs associated with administering Benefits | \$ |
| | Time reviewing Benefit Plans | \$ |
| | Time spent on employee education of benefit plans | \$ |
| | Time spent answering questions regarding benefits | \$ |
| Employee Turnover | Cost of training new employees due to turnover | \$ |
| Poor Supervision | Cost of low morale / low productivity | \$ |
| Misc. | Fines, penalties for non-compliances | \$ |
| ESTIMATED ANNUAL COST TO ADMINISTER HR FUNCTION | | \$ |

SUMMARY

Does the cost and scope of the HR function surprise you? Maintaining a fully compliant, efficient HR department can be expensive. As you have seen, Human Resources is more than just employee relations. Today, Human Resources is very technical, focusing on compliance issues and reducing liability. Outsourcing certain HR functions makes good business sense depending on the size of your business by affording a greater level of expertise and efficiency, at a lower cost, than creating a full in-house HR department. If certain areas of outsourcing makes sense to you, we would like to help. Contact FortisOntario Human Resources Shared Services at (905) 871-0330 x3206.