

APPLIED MODEL REGARDING FUNDAMENTING AND IMPLEMENTING HUMAN RESOURCES AUDIT IN A COMPANY

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ABSTRACT

The audit of human resources management emphasizes the contributions the human resources department makes to the company, it enhances its professional image, fosters greater involvement in the main responsibilities of the department. Furthermore, it reduces the costs for human resources by means of more cost-effective personnel procedures. Moreover, it helps identify critical queries with regard to human resources.

KEYWORDS: *audit of human resources, the costs for human resources, personnel procedures, critical queries, organizational change.*

JEL CLASSIFICATION: *M1, M13*

1. INTRODUCTION

The audit ensures the management of human resources within the company, the internal control system and conformity with the legislation, taking into account the following auditable domains:

- ✓ Personnel recruitment;
- ✓ Personnel payment;
- ✓ Working schedule management: absence and attendance at work, various types of leave from work and holidays;
- ✓ Personnel records management;
- ✓ Employee files –Revisal
- ✓ Documents archive

The human resources audit may act as a springboard for departmental and organizational change (Igalens, J. 2000). More precisely, it is a fast and simple procedure (Aswathappa, 2006). On the other hand, it is the auditor's responsibility to determine the extent to which performance may be detailed and defined. The audit ensures the management of human resources within the company, the internal control system and conformity with the legislation (Marin, 2011). The methods or tools used in this article are the questionnaire on the audit of human resources and as results are the audit reports.

Within the company, the audit aimed at determining good practices of human resources management as well as at setting methods to improve this process. As a consequence, it was necessary to set conformity measures typical of the human resources department in order to achieve the above mentioned objective. Likewise, recruitment methodology was carried out to establish its efficiency.

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2. CASE STUDY

The audit of human resources management lasted five days and it analyzed the corresponding documents and recordings. Interviews were taken and questionnaires were administered and filled in. the questionnaire is presented below.

The audit aimed at determining good practices of human resources management as well as at setting methods to improve this process. The method used is the questionnaire (Table 1) on the audit of human resources and the results are the audit reports.

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Table 1. Questionnaire on the Audit of Human Resources

Audit activity for HUMAN RESOURCES MANAGEMENT	Yes	No	OBS.
Objective I.			
MANAGEMENT OF PERSONNEL RECRUITMENT			
<i>Signing the employment contract</i>			
1. Are there recruitment procedures in the company?	X		
2. Are there written and standard procedures regarding the signing of employment contracts?	X		
- if „yes”, please write them down.	X		Operational flow
3. Are there two copies of the employment contract, one for each party?			
4. Is there also a copy of the job description?	X		
- if „yes”, please hand in the job description.	X		Job description
5. Upon signing the employment contract, does the employee also mention his/her position?	X		
6. Is there an employee record before the employment contract is signed?		X	
<i>Health check-up before employment</i>			
7. Is there a health center responsible for occupational health in the company?	X		
8. Before employment, is the new employee advised to undergo occupational health check-up?		X	
- if „yes”, please hand in a copy of the skills record		X	

Audit activity for HUMAN RESOURCES MANAGEMENT	Yes	No	OBS.
Objective II.			
PAYMENT RIGHTS			
<i>Payment framework</i>			
1. Is there a payment procedure?	X		There is, yet, not standardized
- if „yes”, please hand in a copy		X	
2. Is there a person responsible for the elaboration and updating of the procedures?	X		
<i>Abrogation of payment rights</i>			
3. Is there an organizational procedure of activity with regard to abrogation of payment rights?	X		There is, yet, not standardized
4. Who is responsible for this?	X		
5. Please provide the professional expertize and training requirements of the job	X		
6. Is there a person responsible for the periodical updating of the procedures?		X	
- if „yes”, hand in the job description	X		Job description
<i>Overtime pay</i>			
7. Is there an overtime pay procedure?	X		There is, yet, not standardized
8. Is there a special record?		X	
9. Is there a person responsible for overtime work regulation?	X		
- if „yes”, please hand in the job description	X		Job description
10. Is there a person responsible for overtime work approval and regulation?		X	
- if „yes”, please hand in the job description		X	
- Please provide the professional expertize and training requirements of the job		X	

Audit activity for HUMAN RESOURCES MANAGEMENT	Yes	No	OBS.
Objective III.			
WORKING SCHEDULE MANAGEMENT – absence and attendance at work, leave from work and holidays			
1. Is there a general system of norms and procedures regarding work attendance, leave and holidays?	X		
- if „yes”, please hand it in		X	
2. Is there a person in charge of supervising and updating this system?	X		
- if „yes”, please hand in the job description	X		Job description
3. Is there a person in charge of filling in the attendance and holiday, sick leave, study leave or unpaid holiday sheets?	X		
- if „yes”, please provide the name of the person and the corresponding job descriptions	X		
Objective IV.			
PERSONNEL FILE MANAGEMENT			
1. Are there norms for personnel file management?	X		
2. Is there a person responsible for personnel file management and updating?	X		
- if „yes”, please provide the name of the person and the job description	X		Job description
3. Are there appointed persons authorized to access the personnel files?	X		
- if „yes”, please provide the list of people authorized	X		List of people authorized
4. Is the date of the documents periodically checked (out-of-date identity card and residence permit)?		X	
5. Upon employment contract completion, is there a clearance of goods issued in due time?	X		
Is there a pay receipt for the last six months?	X		
Objective V.			
MANAGEMENT OF EMPLOYEE FILE – REVISAL application			
1. Conformity with HG 500/2011 in view of elaborating the Revisal program and ITM online transmission?	X		
2. Is there a person appointed to manage and update the employees' general record?	X		
3. Changes to Revisal –payment, work suspension and contract prolongation are in due time?	X		
4. Is seniority based on Revisal recordings?	X		
5. Are there people appointed to access the employees' files?	X		
- if „yes”, please hand in the list of persons appointed	X		List of persons
6. Are employment contracts of indeterminate duration recorded separately?	X		
7. Is there a recording of full-time and part-time employees?	X		

Audit activity for HUMAN RESOURCES MANAGEMENT	Yes	No	OBS.
Objective VI. DOCUMENTS ARCHIVE			
1. Is there an archive system for documents?	X		
2. Is there a person assigned to archive the human resources files?	X		
- if „yes”, please mention the name of the person and the job description	X		Job description
3. Do the persons responsible have the required experience and training?	X		
- please provide the job description	X		
4. Does the archive space meet the requirements?	X		
5. Are there written and standardized procedures for documents archive?	X		There is, yet, not standardized
- if „yes”, please hand in a copy		X	

Within the company, the audit aimed at determining good practices of human resources management as well as at setting methods to improve this process (Leboyer, 1990). As a consequence, it was necessary to set conformity measures typical of the human resources department in order to achieve the above mentioned objective. Likewise, recruitment methodology was carried out to establish its efficiency.

The audit of human resources management lasted five days and it analyzed the corresponding documents and recordings. Interviews were taken and questionnaires were administered and filled in.

The main list and the audit objectives are presented below (table 2).

Table 2. List of the audit objectives

Domain		Audit objectives
Human resources management		
1. Organization of personnel employment		1. Employment closure agreement 2. Job description agreement 3. Job position and alimony forms 4. Occupational health check-up upon employment
2. Pay rights	Salary requirements	1. Written procedures for pay rights 2. Base salary 3. Higher duty allowance 4. Overtime pay 5. Merit pay 6. Compensation and perks
	Abrogation of pay rights	7. Agreement of pay rights abrogation 8. Notification of pay rights abrogation

Domain		Audit objectives
	Pay for overtime work	9. Overtime work framework 10. Approval of overtime work 11. Overtime work records 12. Pay for overtime work
3. Working schedule management: attendance, types of leave and holidays		1. Norms and procedures regarding work attendance, leave and holidays 2. Use of attendance sheets 3. Holiday records 4. Sick leave records 5. Study leave records 6. Unpaid holiday records
4. Personnel files management		1. Norms and procedures regarding personnel files management 2. Personnel files access 3. Personnel files updating 4. Obligatory documents enclosed 5. Annexes to the employment contract
5. Management of employee file –Revisal		1. Norms and procedures regarding administration of the Revisal work application and online transmission 2. Issuing of employment contracts in due time 3. Changes to Revisal- payment, work suspension, contract prolongation and completion 4. Notification of termination of the employment contract 5. Online access to changes
6. Documents archive		1. Norms and procedures regarding the documents archive typical of human resources management 2. Assignment of personnel responsible for the documents archive 3. Storage location for professional files and other archived documents 4. Files management of the company's archive

The recommendations emphasize the following: specification of main aspects and action measures, assignment of people responsible for the implementation procedures, management agreement/disagreement with the respective recommendation and, last but not least, the implementation deadline for the proposed strategies (Table 3).

Table 3. Audit Checklist

Domain	Audit objectives	Audit type
1. Organization of personnel employment		
	<ul style="list-style-type: none"> 1. Employment closure agreement 2. Job description agreement 3. Job position and alimony forms 4. Occupational health check-up upon employment 	<ul style="list-style-type: none"> - Check-up of legalized or authorized copies of documents; - Conformity analysis of procedures; - The sample will consist of 65 new employees hired in the next year, making up for 100%
2. Pay rights		
Salary requirements	<ul style="list-style-type: none"> 1. Written procedures for pay rights 2. Base salary 3. Higher duty allowance 4. Overtime pay 5. Merit pay 6. Compensation and perks 	<ul style="list-style-type: none"> - Check-up of pay rights according to Revisal, professional files and payrolls - The sample will consist of payrolls for 20 employees working next year, regardless of the work period - -Check-up of job advertisements based on the sample given
Abrogation of pay rights	<ul style="list-style-type: none"> 7. Agreement of pay rights abrogation 8. Notification of pay rights abrogation 	<ul style="list-style-type: none"> - analysis of pay rises/cuts - Check-up of online ITM program
Pay for overtime work	<ul style="list-style-type: none"> 9. Overtime work framework 10. Approval of overtime work 11. Overtime work records 12. Pay for overtime work 	<ul style="list-style-type: none"> - -Check-up of approval of overtime work - Check-up of special Record for overtime work - Analysis of compensation for overtime work
3. Working schedule management: attendance, types of leave and holidays		
	<ul style="list-style-type: none"> 1. Norms and procedures regarding work attendance, leave and holidays 2. Use of attendance sheets 3. Holiday records 4. Sick leave records 5. Study leave records 6. Unpaid holiday records 	<ul style="list-style-type: none"> - Check-up of attendance sheets - Check-up of holiday and sick leave records - The sample will consist of data collected in July and December 2011
4. Personnel files management		
	<ul style="list-style-type: none"> 1. Norms and procedures regarding personnel files management 2. Personnel files access 3. Personnel files updating 4. Obligatory documents enclosed 5. Annexes to the employment contract 	<ul style="list-style-type: none"> - Check-up of written procedures regarding personnel files completion - Analysis of documents expiry dates (identity card or residence permit out of date) - Updating of personnel files for recent educational background - Annexe of employment contracts and notifications enclosed - The sample will consist of 5% of a total of 580 files, 29 professional files respectively

5. Management of employee file –Revisal	
<ul style="list-style-type: none"> 1. Norms and procedures regarding administration of the Revisal work application and online transmission 2. Issuing of employment contracts in due time 3. Changes to Revisal- payment, work suspension, contract prolongation and completion 4. Notification of termination of the employment contract 5. Online access to changes 7. Guidelines for IT programs maintenance 8. Use of equipment in case of power cuts 	<ul style="list-style-type: none"> - Conformity with HG 500/2011 in view of elaborating the Revisal program and ITM online transmission - Check-up of payment data accuracy in Revisal - Check-up of online ITM transmission - Check-up of periodical updating of changes to employment contracts - The sample will be based on the latest 20 transmissions recorded in Revisal, including online ITM - Interview with Revisal operators
6. Documents archive	
<ul style="list-style-type: none"> 1. Norms and procedures regarding the documents archive typical of human resources management 2. Assignment of personnel responsible for the documents archive 3. Storage location for professional files and other archived documents 4. Files management of the company's archive 	<ul style="list-style-type: none"> - Assessment of conformity with archive related procedures - Interview with the Human Resources manager regarding the documents archive legislation

Analyzes based on the questionnaire responses allow the formulation of recommendations listed below.

Recommendations	Responsible for implementation	Management agreement/ disagreement	Implementation deadline
1. Professional training of the personnel involved in the drafting of employment contracts and its continuous assessment	HR manager	Agreement	6 months
2. Implementation of a higher internal audit with regard to operations underlying the human resources management within the company.	HR manager	Agreement	12 months
3. Re-assessment of payments.	Specialist Payroll	Agreement	1 month
4. Assigning attendance tasks according to job description	HR manager	Agreement	2 months
5. Implementation of an additional audit to assess work attendance and non conformity with holiday planning for 3 months.	HR manager	Agreement	6 months
6. Elaboration of written and standardized procedures for personnel attendance sheets as stipulated by legislation.	Human Resources Inspector	Agreement	2 months

Recommandations	Responsible for implementation	Management agreement/ disagreement	Implementation deadline
7. Periodical updating of professional files, administration documents and personnel career records.	Human Resources Inspector	Agreement	2 months
8. Elaboration of written and standardized procedures for professional files management.	Human Resources Manager	Agreement	3 months
9. Implementation of an additional audit to assess personnel files	Human Resources Manager	Agreement	4 months
10. Assigning at least 2 persons within the Human Resources Department to report on the Employees' Work Attendance Record	Human Resources Manager	Agreement	1 month
11. Elaboration of written and standardized procedures regarding the elaboration of documents consisting in changes to contracts and immediate dissemination to Revisal.	Human Resources Manager and Human Resources Inspector	Agreement	4 months
12. Elaboration of written and standardized procedures regarding documents archives, including access, storage and use of files	Human Resources Specialist and Human Resources Inspector	Agreement	6 months
13. Assignment of an employee in the Human Resources Department in charge of compiling and handing of files to the company's archive	Human Resources Manager	Agreement	6 months

4. CONCLUSIONS

The audit carried out has brought about recommendations likely to add value to human resources management.

According to the main objective above mentioned, all recommendations aim at improving and developing an efficient management process. (Abdul, 2001)

These have been reported to both the CEO of the company and the head of the Human Resources Department so as to obtain their approval or disapproval and opinions.

The recommendations emphasize the following: specification of main aspects and action measures, assignment of people responsible for the implementation procedures, management agreement/disagreement with the respective recommendation and, last but not least, the implementation deadline for the proposed strategies.

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