Auditing Human Resources Processes in Higher Education Institutions

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ORGANIZATION

1. AUDIT

2. PORTUGUESE STANDARD NP 4427:2004 MANAGEMENT SYSTEM

3. CHALLENGES

4. EXAMPLES
Audit: *what is it?*

Systematic, documented, independent Process

- To obtain audit evidence and assess it objectively in order to determine the extent to which specified requirements are fulfilled

*Source: ISO 19011:2011*
Audit: what is it for?

- Where do we currently stand against requirements?
  - of an external standard (ISO or other)
  - of our own Quality Management System (QMS)
  - of our Clients

- Check adequacy and effectiveness of our QMS

- Identify improvement opportunities

- Suggest any corrective and preventive actions
Audit: concepts

Auditor
Personal qualified to carry out an audit

Audit Client
Organization or person that requires an audit

Auditee
Organization being audited

Audit Criterion
Policies, procedures or requirements

Audit Evidence
Records, statements, facts or other verifiable information relevant to audit criteria

Audit Finding
Assessment outcomes of audit evidence, collected and compared with audit criteria
Audit: **Concepts**

**Process**
- Deals with a number of procedures which transform inputs into results or impacts and, as such, added value
- Processes in public services may vary between relatively abstract activities (development of regulatory policies), and very specific activities (such as service provision)

**Procedures**
- How activities are performed
- How processes are put in place
- How processes are controlled (considering the sequence of tasks, details and responsibilities)
- How equipment and documents are used for optimal management and conduction of records

**Principles**
- Organization focused on the citizen/user
- Leadership
- Involvement of people
- Introduction of rules and procedures
- Systematic approximation to management rules
- Continuing improvement
- *De facto* approximation to decision-making processes
- Mutual benefits in terms of relationships with suppliers

Audit: duties

AUDIT TEAM LEADER

- Ensure the group qualification
- Distribute tasks within the group
- Prepare, conduct, report, check
- Conduct audit, and close meetings
- Solve “critical deadlocks”
- Make audit meets its objective
- Ensure all auditor’s duties
Audit: duties

AUDITOR

☑ ENSURE HIS/HER QUALIFICATION
☑ REMAIN ATTENTIVE AND REPORT NON CONFORMITIES
☑ BE IMPARTIAL AND OBJECTIVE
☑ CLARIFY DOUBTS AND AVOID DISPUTES
☑ KEEP CONFIDENTIALITY AND ETHICS
Audit: duties

AUDITEE

✓ COMMUNICATE HIS/HER STAFF ON AUDIT
✓ MEET COMMITMENTS WITH AUDITOR
✓ DEFINE COMMUNICATION CHANNELS
✓ FACILITATE ACCESS TO FUNCTIONS, AREAS AND RELEVANT INFORMATION
✓ PROVIDE ELEGIBLE CORRECTIVE/PREVENTIVE ACTIONS
Audit: duties

AUDIT CLIENT

- DETERMINE THE NEED AND START THE AUDIT PROCESS
- APPOINT AUDITORS AND CHOOSE / AGREE AUDIT CRITERIA
- DEFINE ACCESS TO RESULTS (CONSENSUS WITH AUDITEE)
- RECEIVE AUDIT OUTCOMES AND REACH CONSENSUS ON ELEGIBLE ACTIONS
Audit: Audit phases

**Plan**
- Planning
  - Scope
  - Object
  - Occasion
  - Audit criteria

**Do**
- Preparation
  - Data study
  - Check lists
  - Notification

**Conduction**
  - Kick-off meeting
  - Implementation
  - Closing meeting

**Check**
- Report
  - Oral
  - Written

**Act**
- Preventive / Corrective action
  - Audited area
  - Consensus

- Effectiveness evaluation
  - New audit
  - Delivery of documents/records

- Audit evaluation
  - Auditing team
  - Auditete

- Systematic
Audit: preparation

**CONTACTS WITH AUDITEE**
- ✓ REQUEST OF DOCUMENTS (CONFIDENTIALITY)
- ✓ CONFIRMATION OF PLANNED PARAMETERS

**VISITS TO FACILITIES**
- ✓ IF NECESSARY AND FEASIBLE

**PREPARATION ACTIVITIES**

**AUDITING TEAM**
- ✓ DISTRIBUTION OF TASKS BY THE AUDIT TEAM LEADER
- ✓ ELABORATION OF AUDIT AGENDA
- ✓ PREPARATION OF WORKING DOCUMENTS
Audit: conduction

✓ Visit facilities
✓ Collect evidence (interviews, documents, records and activity observation)
✓ Carry out at-random sampling
✓ Use working documents
✓ Use tracking techniques
✓ Interfere as little as possible
✓ Manage audit time
Audit: closing meeting

- Coordinated by the leading auditor
- Fast and objective
- Confirmation of parameters
- Clarification of doubts

- Reintroduce auditors
- Thank auditee
- Reconfirm planning
- Reconfirm agenda
- Present strengths and weaknesses
- Deliver individual and non-compliance reports
Objective: define guiding principles to put in place a Human Resource Management System (HRMS) that may be certified by an independent entity

First standard at international level that allows an organization to be certified on this area
PORTUGUESE STANDARD NP 4427:2004

“A Human Resources Management System should be conceived and developed as an integral part of an organization, reflecting its mission, vision, values and the strategic principles established by top management.”

“Proper management of this process shall ensure that the purpose to attract, retain and develop people is achieved and that the degree of satisfaction and motivation of all who keep labour ties with the organization meets the expectations.”
NP 4427:2004

Schematic representation of the HRMS

1. Definition/strategy and planning
2. Characterization of the organizational structure
3. Definition of competencies
4. Review by management
5. Results of the system performance
6. Recruitment and selection
7. Admission, welcome and integration
8. Development

Results of the system performance feed back to Definition of competencies, which in turn feeds back to Characterization of the organizational structure, which feeds back to Definition/strategy and planning.
NP 4427:2004
Portuguese standards requirements

CHAPTER 4 - HR MANAGEMENT SYSTEM
4.1 General requirements
4.2 Document requirements
  4.2.1 HR Manual
  4.2.2 Document and data control
  4.2.3 Records control

Examples of documented procedures:

✓ Compensations
✓ Penalties
✓ Recruitment and selection
✓ Admission
✓ Behaviours
✓ Training
✓ Careers
✓ Internal audits
✓ Corrective actions
✓ Preventive actions
NP 4427:2004
Portuguese standards requirements

CHAPTER 5 – RESPONSIBILITY OF MANAGEMENT
5.1 Management Commitment
5.2 HR Policy
5.3 Responsibility, authority and communication
   5.3.1 Responsibility and authority
   5.3.2 Management representative
   5.3.3 Internal communication
5.4 Review by management

Review by management
Ensure that the HRMS remains appropriate, adequate and effective:
✓ Evaluating the organization’s needs
✓ Identifying improvement opportunities and needs to change the system, including the human resource management policy and its objectives
NP 4427:2004
Portuguese standards requirements

CHAPTER 6 – PLANNING
6.1 HR Planning
6.2 Characterization of organizational structure
6.3 Objectives
6.4 Legal and other requirements
6.5 Rewards
6.6 Penalties

What HR do we need?
✓ In terms of volume?
✓ In terms of skills?
✓ To perform what tasks?
✓ And when?

Planning human resources will work as an input for other HRMS activities, such as:
✓ recruitment
✓ selection
✓ training
NP 4427:2004

Portuguese standards requirements

CHAPTER 7 – HR MANAGEMENT
7.1 Administrative Management
7.2 HR recruitment and selection
7.3 Admission
7.4 Welcome and integration
7.5 Behaviours
7.6 Development
  7.6.1 Training
  7.6.2 Recognition of competences
  7.6.3 Careers
7.7 Acquisition of goods and services

Example of recruitment and selection requirements
✓ Definition of methods and techniques to be used in HR recruitment and selection
✓ Ensure equal opportunities and treatment for all candidates
✓ Objective definition of action, involvement and responsibility of recruitment service suppliers, selection and assignment of personnel
NP 4427:2004
Portuguese standards requirements

CHAPTER 8 – MEASUREMENT, ANALYSIS AND IMPROVEMENTS

8.1 Measurement
  8.1.1 Performance evaluation
  8.1.2 Internal satisfaction
  8.1.3 Internal audits

8.2 Control of non-compliant practices

8.3 Data analysis

8.4 Improvements
  8.4.1 Continuing improvement
  8.4.2 Corrective measures
  8.4.3 Preventive measures
NP 4427:2004
Portuguese standard requirements

Internal audit: objectives?

Determine whether the human resource management system:
- Complies with the provisions for HR management
- Was properly implemented and kept
- Effectively meets the organization’s policy and objectives

Give top management information on the results of internal audits:
- Are internal controls effective?
- Are standards and procedures in force complied with?
- Are there suggestions for improvement for procedures in force?

*Audits must be conducted by independent people, who are directly responsible for the activity being audited*
CHALLENGES

First Challenge

→ Deal with people
→ Build trust

Second challenge

→ Distinguish between evaluation and assertion
Challenges: communication?

- Listen to the auditee
- Conduct the dialogue
- Do not show signs of impatience or distraction
- Make open questions, such as:
  - What?
  - When?
  - How?
  - Where?
  - Why?
- Or closed questions with Yes/No answers
- Ask alternative questions
- Respect hierarchy
- Consider the auditee’s anxiety
- Remember that the auditor is a visit and that empathy should be created with the auditee
CHALLENGES

The auditee....

- Talks too much, diverting away from subjects
- Is resilient
- Disagrees with some non conformities
- Arrives late
- Requests suggestions
HR PROCESS MAP: March 2014

AUDIT PROCESS

1st stage
SELF ASSESSMENT ONLINE QUESTIONNAIRE

2nd stage
SITE VISIT

strengths, weaknesses, non-compliance and areas for improvement

State-of-the-art HR processes and procedures

PEOPLE PROJECT EXAMPLES: audit
PEOPLE PROJECT EXAMPLES: audit plan

<table>
<thead>
<tr>
<th>Activity</th>
<th>Leaders</th>
<th>Participants</th>
<th>Feb week</th>
<th>Mar week</th>
<th>Apr week</th>
<th>May week</th>
<th>Jun week</th>
<th>Jul week</th>
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<tr>
<td>1 - HR PROCESS MAP</td>
<td>IST, UPC, KTH</td>
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<td>1.1 Presentation of the partners' structure regarding HR</td>
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<td>1.2 Mapping of HR processes identified by each partner institution</td>
<td>UPC, IST</td>
<td>4 Kazakhstan; 3 Armenia; 2 Georgia</td>
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<td>1.3 Gathering of supporting documents</td>
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<td>1.4 Characterization of HR</td>
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<td>2. AUDIT Plan</td>
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<td>2.1 Identification of the HR management processes complying with NP 4427:2004</td>
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<td>2.2.3 Validation of questionnaire (pre-test)</td>
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<td>2.2.4 Launch/conduction of questionnaire</td>
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<td>2.2.5 Processing of results</td>
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<td>2.2.6 Elaboration of report</td>
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<td>2.2.7 Validation of results</td>
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<td>2.3 Site visit: roles and responsibilities within the processes and training needs detection</td>
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<td>2.3.1 Work meetings with HR managers of the 3 partners institutions</td>
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<td>3. AUDIT Checklist: site visit checklist</td>
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<td>3.3.1 Elaboration of the check list (documents)</td>
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<td>4. AUDIT Report: strengths, weaknesses, non-compliance and areas for improvement</td>
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<td>IST, UPC, KTH</td>
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<td>4.1 Elaboration of audits reports template</td>
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<td>4.2 Elaboration of audits reports</td>
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<td>4.3 Follow up (improvement plan; preventive and corrective actions)</td>
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PEOPLE PROJECT EXAMPLES: on line questionnaire

EXAMPLE OF QUESTIONS FOR CHAPTER 5: MANAGEMENT RESPONSIBILITY (adapted from NP 4427:2004)

HR policy
• Has the top management of the University defined a HR policy?
• How do they communicate it?
• Has the top management of the University defined objectives/strategy on HRM?
PEOPLE EXAMPLES: audit checklist

SITE VISIT CHECKLIST

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<tr>
<th></th>
<th>Non existant</th>
<th>Needs improvement</th>
<th>Meets requirements</th>
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1. Does the HRMS have all documents required?
2. Are there control mechanisms of the HRMS documents?
3. Is a control and safekeeping methodology of the HRMS records implemented?
4. Does the organization’s top management show commitment at the HRMS through:
   a) The appointment of a top management representative?
   b) Documented HR policy?
   c) The definition of authorities and responsibilities at the HRMS?
   d) The establishment of internal communication processes?

THANK YOU!