

## Time for a HR Health Check?

Financial, IT and safety audits are commonplace across all businesses. Audits provide an independent assessment and evaluation of the business to ensure their processes, policies and operations are Compliant and follow Best Practice. In the case of an IT audit it helps evaluate if the IT systems are protected and reliable. Regular audits protect a business through reduction of risk.

Why is it then that many businesses rarely spend the same time and effort auditing the same processes responsible for the day to day management of their greatest resource, and sometimes most riskiest resource – their people?

Is it that most businesses don't see that same risks involved in say, falling foul of the ATO as they would with other government institutions? The reality is very different, the Fair Work Act (FWA) requires compliance to the National Employment Standards (NES) and the Modern Awards, which includes employees earning under the high-income threshold of \$142,000 per annum.

Non-compliance to the FWA and NES could result in fines from the Fair Work Ombudsman, and / or further costs to a company in being unable to successfully defend employment related disputes. These fines are substantial. For example, the fine for underpayment of wages per occasion is currently \$54,000 for a company and \$10,800 for an individual. Apart from the fines associated with non-compliance, it only makes sense that having best practice HR processes can only have a positive impact on the success of the business.

As with other audits we believe that businesses should regularly review their HR processes.

At a minimum your HR Health Check should at a minimum include:

- **Employment Contracts**

It is critical your employees and contractors have been issued with current, written and legally compliant contracts. This not only provides transparency to employees around the terms and conditions associated with their employment, employment contracts protect the company and will make it easier to discipline and dismiss employees in the future.

- **Human Resource Policies**

HR policies are important not only to meet compliance requirements, but also assist with basic day to day management requirements of the company. Having strong and well communicated HR policies and procedures is critical to maintaining consistent standards and protecting your business.

- **HR Forms and Letters**

Compliant pro-forma HR forms and letters should be kept on file to meet compliance, and basic day to day management requirements of the company, for example written warnings, termination letters, confidentiality agreements, etc.

- **Performance Appraisal / Feedback Processes**

Reviewing individual performance is critical in providing employees with feedback and ensuring transparency around expected performance. We recommend annual performance reviews. Additionally, a process of informal feedback and review should be promoted to ensure potential issues are not left until formal reviews to be addressed. It is also important to occasionally review your employees' salary / wage to ensure you remain competitive.

- **Position Descriptions**

A clear position description provides clarity and transparency for the company and its' employees regarding role expectations.

It is important to ensure that position descriptions are reviewed on an annual basis. This will ensure they are kept relevant and up to date, reflecting changing requirements.

- **Induction**

There are several key areas that need to be included in an induction process when a new employee commences. For example, a best practice induction would ensure that employees have read, understood and formally acknowledged the company's policies and procedures.

The examples above, are only a few of the areas that should be reviewed regularly, from a compliance and a best practice perspective.

Our free HR Health Check will assess your HR documents, contracts and policies against best practice and the Fair Work Act. Valued at \$800 our HR Health Check can easily be completed online.

We then review and send you a report outlining your current HR compliance to the Fair Work Act and National Employment Standards, as well as how they compare to HR best practice. Our thorough report includes suggested changes to ensure your policies and documentation are compliant and meet best practice.

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