

**Report On  
Human Resource Audit at  
CnRG**

By

**Anita Jaiswal  
Student ID: 20264060**

An internship report submitted to the BRAC Business School in partial fulfillment of the requirements for the degree of  
MBA

MBA  
Brac University  
November 2022

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## **Declaration**

It is hereby declared that

1. The internship report submitted is my own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of help.

### **Student's Full Name & Signature:**

**Anita Jaiswal**  
**20264060**

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### **Supervisor's Full Name & Signature:**

Suman Paul Chowdhury  
Associate Professor of Accounting,  
Brac Business School (BBS)  
BRAC University

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## Letter of Transmittal

Suman Paul Chowdhury  
Associate Professor of Accounting,  
Brac Business School (BBS)  
BRAC University  
66 Mohakhali, Dhaka-1212

### **Subject: Submission of Internship Report**

Dear Sir,

In accordance with the MBA program, I am submitting my internship report here. Working under your active guidance is an outstanding accomplishment.

The report is about the **HR Audit at Consulting and Research Gateway (CNRG)**. It contains information from the various human resources management classes I took while pursuing my MBA and from my experiences gained while working as an intern at CNRG.

Before starting my internship, I decided to concentrate on the importance of HR audit to an organization and the process of preparing it. To make the report as meaningful, resourceful, and informative as possible, I have done my best to include the relevant information and recommendations. I shall be highly obliged if you kindly provide your valuable feedback on it.

I have faith that the report will fulfill expectations.

Sincerely yours,

Anita Jaiswal

ID: 20264060

Brac Business School

Brac University

November 17, 2022

## **Non-Disclosure Agreement**

[This page is for Non-Disclosure Agreement between the Company and The Student]

This agreement is made and entered into by and between [Name of Company] and the undersigned student at BRAC University .....

## **Acknowledgment**

I am thankful that Brac University included the internship program as a component of the MBA curriculum since it gave me the chance to get real-world job experience and apply my academic knowledge to the workplace.

I want to express my gratitude to **Suman Paul Chowdhury**, my internship supervisor who oversaw my internship and guided me with the completion of the internship report.

I would like to express my sincere thanks to **(CnRG) Consulting and Research Gateway** for offering me the internship opportunity at their company. My sincere gratitude to **Parveen Sultan Huda**, managing director of Consulting and Research Gateway, for overseeing me and providing me with all the resource materials I needed to finish this research. I also want to express my gratitude to all the Consulting and Research Gateway staff members who helped me with my internship by constantly giving me the support I needed to fulfill my daily tasks and helping me grow my practical knowledge. Lastly, my acknowledgment goes to my friends and family who have helped me and have been supportive while writing this report.

Sincerely,

Anita Jaiswal

## **Executive Summary**

I had selected Consulting and Research Gateway (CnRG) to complete my internship program as part of my MBA at BRAC University. The purpose of this project was to learn more about the business world and acquire practical experience in the workplace. The internship took place for three months, from August 1 to October 31, 2022. The three-month internship was successful in connecting the theoretical side to the actual workplace.

I was given a job with CnRG's Human Resource Audit Department throughout my internship. Working with the team that offers clients consultation services for HR-related matters is the main duty. The responsibility was not just limited to consultation but to assisting with several projects that were received by CnRG.

The report starts with an introduction of the topic including the source, objectives, and methodology followed from the start to the end of the report. Similarly, the second chapter is on the organization profile of Consulting and Research Gateway (CnRG) giving its background, mission, vision, its services, and organogram of the organization.

The next section comprises Human Resource Management, an introduction to HR Audit, its importance, and the process of preparing an HR Audit.

Each chapter contains a detailed discussion about the process to prepare an HR Audit followed by Consulting and Research Gateway.

The next part of the report carries a summary of the other activities that I performed during my internship at CnRG.

Finally, the reference is presented after the conclusion.

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## **List of Acronyms**

CnRG	Consulting and Research Gateway
MBA	Master of Business Administration
HR	Human Resource
HRM	Human Resource Management
HRD	Human Resource Department
MBA	Master of Business Administration
SCAN	Services for Cranium Anthology through Networks
TRY	Training Resources & You
HRO	Human Resource Outsourcing
IRS	Industrial Relationship Services
CEO	Chief Executive Officer
BOD	Board of Directors
MD	Managing Director
KIIs	Key Informant Interviews
OCSAR	Office of Career Services and Alumni Relations

## **Glossary**

### **Audit:**

a formal examination of a company's financial records, usually by a third party. In order to ensure that all departments are using a documented method of recording transactions, an audit entails an auditor physically examining inventories and inspecting various books of accounts. It has done to make sure the organization's financial accounts are accurate.

### **HR Audit**

The procedure to assess the effectiveness of a human resources department is known as an HR (Human Resource) Audit. It looks at a variety of HR-related duties in a business. These include systems, documentation, policies, processes, and procedures.

# Chapter 1

## Overview of Internship

### 1.1 Student Information

I am Anita Jaiswal, a post-graduate student at BRAC University with student: ID 20264060. I joined BRAC University in the Fall of 2020 (October). I am studying MBA- Master of Business Administration, with a major in Human Resource Management. I have completed a total of 20 courses equivalent to 60 credits, then I completed 90 days of internship based on which this internship report is being prepared.

### 1.2 Internship Information

**1.2.1 Internship details:** The internship duration was for 3 months/90 days. I joined Consulting and Research Gateway (CnRG) for my internship purpose from 1<sup>st</sup> of August, 2022 till the 31<sup>st</sup> of October, 2022. I was assigned as an HR intern in the Human Resource department of the company. The company is in Dhaka; Uttara Tower (4<sup>th</sup> floor), Plot#1, Sector-3, Jashim Uddin Avenue, Uttara C/A, Dhaka.

**1.2.2 Company Supervisor:** My supervisor at the office was Parveen S. Huda. She is a widely recognized professional in Bangladesh with 27+ years of experience in Human Resource Management & Development, Project Management, Entrepreneurship Development, and Skills & Employment fields with leading organizations both as a professional and consultant. At CnRG, she is the Managing Director, she has completed her MBA from the Institute of Business Administration, University of Dhaka.

**1.2.3 Job Scope:** During my internship, I got a plethora of opportunities to learn and know about the Human Resource department. I got an insight into how an organization

receives a project, its plans for its completion, strategies, implementations, evaluation, getting final output, and many more. Here, I got to work on different projects but as I had already decided on my topic on HR Audit, my supervisor at the workplace made sure I learned more about the topic and get as much as resources that would help me prepare a better report. To point out some of the major responsibilities that I was assigned during the internship, are listed below:

- Assist in conducting HR Audits,
- Preparing draft questionnaire for the audit survey,
- Preparing draft for concept notes, (worked in a team)
- Attending meetings, documentation of the meetings,
- Preparing training manual for Training,
- Documents proofreading, etc.

## **1.3 Internship Outcomes**

### **1.3.1 Student's contribution to the company:**

As an intern, I considered myself part of the organization team and contributed in any way I could. Though I am not as experienced as all other employees, I always tried to give my best in whatever task was assigned to me. I always reached out to my supervisor if I faced any difficulties while performing the task, or other colleagues. I was always available to give my part to the team either online or offline. I believe the task I completed during my internship period was acceptable and hope it did make a positive contribution.

### **1.3.2 Benefits to the student:**

First, I got this huge opportunity to work with such a wonderful team was the best benefit out of all. After completing my MBA courses in HR specialization, I could see how theories are implemented in the real practical field. This was a very much-needed step for me to move from my university to the HR career world. I learned the process of conducting an HR Audit, its importance to an organization, and how this is different than any other accounting audit. My supervisor was one of the best guides who assisted me throughout these 3 months, she also discussed my plans after the internship, and provided some lifetime useful tips. Not just this, she also gave all our intern team to attend a 3-day long Training of Trainers (ToT) event conducted by Faith Bangladesh.

### **1.3.3 Problems/ Difficulties**

While working with CnRG, was a very new experience for me, so a major difficulty I feel was my fear of facing the change. I was not prepared for what kind of tasks I would be assigned and if I would be able to complete it a timely. But I was very lucky to have worked with such a helpful and supportive team, who always explained the task before assigning it to me. Another difficulty I had to go through was my thing that I took four academic courses and was doing the internship task. So, balancing all these was a little tough but I did learn about time management, most importantly multi-tasking.

**1.3.4 Recommendations for further internship** CnRG being a very new company started in 2021 has been doing an amazing job. Their progress is commendable. Few things I would like to share as a recommendation to the company,

- The company can increase manpower. I felt, the number of employees is fewer compared to the projects they have been receiving.
- The work environment is very friendly and flexible, which I appreciate a lot. Such culture can be carried further creating more learning opportunities.

- CnRG can collaborate with OCSAR at BRAC University, so many students can know about these wonderful opportunities.

The MBA Program at BRAC University in Dhaka, Bangladesh, requires either a thesis or an internship report that must be submitted in order to graduate.

Students in the MBA program must gain practical experience in a business organization at the finish of the program after completing all of the required courses since the curriculum combines both practical and theoretical learning approaches. The internship's main objective is to provide students experience working on the job and a chance to apply their academic ideas in practical contexts.

The report covers the topic, **“Process and importance of Human resource Audit in an organization”**

## **1.4 Scope of the Report**

This study was created after significant consultation with organizational representatives. The prospectus that the on-the-job supervisor offered was another aid in creating the report. I had a fantastic chance to have in-depth knowledge of all the project activities carried out by the CnRG at the time I prepared the report.

## **1.5 Objective of the Report**

This report is being written with pre-determined objectives and to fulfill certain requirements for a study purpose. Some of the objectives of this report are listed below:

- To understand the organizational problem arising in the Human Resource department,
- To know the importance of Human Resource Audit,



- To learn the process of preparing an HR Audit,
- To incorporate theory knowledge into practice,
- To fulfill the partial requirement for MBA program at BRAC University.

## **1.6 Methodology**

The study is carried out in a methodical manner, beginning with the topic selection and concluding with the drafting of the final report. The key component was to watch and listen to the company's employees as they systematically conducted an HR audit. As an intern, I observed the process, participated in internal group discussions, learned how to conduct an HR audit, and helped to prepare materials for the audit. The overall technique used in the study is described further in more detail.

### **1.6.1 Selection of Topic**

I first reviewed the subject with my professor before sharing it with my supervisor, who further approved it and offered helpful details so that a well-structured report could be created. After receiving some insightful feedback and some helpful ideas from both my internal and external supervisors, the final report was completed.

## **1.7 Limitations**

Depending on the company policy, any information related to the client and the business of the company is to be kept secret and not divulged to any external person, firm, or company. All kinds of confidential information about any client description without written permission from the management cannot be revealed outside. So, I would not be using the client's name, or company name directly.

## Chapter 2

### Organizational Profile

#### 2.1 Organizational Background



**Consulting & Research Gateway (CnRG)**, started its operation in January 2021, since then it has become a distinctive consultancy, has been offering strategic management advice and assistance to both private firms and development organizations. CnRG assists businesses in increasing their effectiveness by implementing better project management, human resource management, and development practices. In order to increase effectiveness, CnRG also targets organizational development initiatives and examines supplier chains.

While HR is CnRG's primary area of expertise, the company also excels in specialized training, organizational restructuring, HR policy development, compensation structure/restructuring through comparator analysis, enhancing supply chain effectiveness, recruitment assessment, performance management system implementation, and other management and administrative support tasks. CnRG supports both entrepreneurial beginnings and the reorganization of established businesses.

#### 2.2 Overview of the Company

##### Company Mission

Mission statement of CnRG:

*“Our mission is to provide you coaching programs which will allow you to work for fewer hours, and make more money, to attract and retain quality for high-paying customers, help*

*with time management, hone sharp leadership skills to manage team, cut expenses without sacrificing quality, and automate businesses.”*

### **2.3 Management Practices at CnRG**

At CnRG, the management team can be classified by the following table 1, which shows the different managerial post involved in the team. It shows the structure of the organization and the hierarchy it follows.

**Table 1**

Top Management	Chief Executive Officers (CEO)  Board of Directors (BOD)  Managing Directors (MD)
Mid-Level Management	Manager  Associate Manager
Junior Level Management	Junior Officer  Trainee Assistant

### **2.4 Marketing Practices**

**a. Marketing Strategy:**

Like marketing for any other type of business, the same rules apply to consulting businesses. Customers are developed, communicated with, and given value through CnRG processes, which are also utilized to manage customer relationships in a way that benefits the company and its stakeholders. In order to gain market share, CnRG is trying

to increase the recognition of its brand, assess the success of its marketing efforts, create new services based on the demands of the clients, collect client feedback, and make use of marketing technology. CnRG is committed to establishing its credibility, authority, and trust over the long term.

**b. Target customer & Approach:**

Every client's company is treated as if it were our own by CnRG. It considers a consulting business ought to be more than just a source of advice. To maximize the potential of the customers' businesses, CnRG puts ourselves in their position, match our motivations with their goals, and work together. These fosters long-lasting and fulfilling partnerships. The appropriate strategy is required for the right result. CnRG approaches work by integrating its exterior expertise into the internal workings of the firm. They are aware that in order to provide the firm the best chance of success, one must tailor professional counsel to fit the business practices. This enables CnRG to develop deep connections with the clients.

**c. Marketing channels**

CnRG uses its website as its major marketing channels. The main page of CnRG's website has language, organization, visuals, menus, and content that are tailored to its target audience. Another channel which is more often used is via facebook page, where they have cases or case studies that addresses different factors of targeted audience. They share certain social media updates that elaborates or relates to various issues on different occasions. CnRG has its email addresses, phone contacts available for the clients where they can easily be contacted.

**d. Products/ Services:**

CnRG provides the following services through its consultancy:

*Services for Cranium Anthology through Networks (SCAN):*

Both employers seeking the best candidates for employment and job seekers seeking the best places to work can benefit from CnRG's SCAN. With the help of seasoned HR specialists with substantial skills, experience, and knowledge who are connected to a large worldwide network that guarantees confidentiality, SCAN assists its customers throughout the executive-search process. Because they believe it is more cost-effective to delegate the entire recruitment process, including job designing, preparing job descriptions, posting advertisement, application receipt, short-listing, communication, test or interview administration, etc.—to a third party, SCAN is informed that organizations are gradually outsourcing more and more of their hiring processes.

*Human Resources Management (HRM)*

CnRG is a full-service HRM supplier that assists businesses of all sizes in developing and implementing their HR systems, policies, and processes. Clients that need to create an HR policy for their workers engage CnRG in order to receive a professional policy that considers numerous HR legal compliances and includes a detailed procedural guidance to help them manage their routine and sporadic HR-related activities and issues. Additionally, CnRG does job analyses, improves job descriptions, and specializes jobs. In order to make sure that the systems are being used in accordance with established standards, clients that already have established policies and procedures but are large and geographically dispersed occasionally need to audit their human resource management systems. Large multinational corporations (MNCs) with head offices abroad are among these clients; they require a third-party auditor to assure compliance with HR systems and processes.

### Training Resources & you (TRY)

A full-service HR development assistance provider, TRY (Training Resources & You) assists businesses of all sizes in developing and implementing their training strategies. Let us examine several methods in which we assist our consumers because outdoors might have a variety of meanings: Employers who want to undertake HR Development Need Analysis for their staff could contact the TRY service of CnRG to obtain an unbiased, devoted professional advice on the subjects that require training or development. Clients who require the creation of several training booklets or e-learning courses employ TRY service as an expert to collaborate with the internal team members of the organization to complete the project. Clients use TRY as their facilitator when they require one or more Customized Training / Workshops created and delivered for their staff. Companies who often need to educate new hires outsource the entire business process of finding, choosing, and training such workforce to TRY, so that they can focus on its core business.

### HR Outsourcing (HRO)

CnRG offers HR outsourcing to fulfill a company's general need for HR services and provides a comprehensive range of services for any type of human resource assistance that is needed. In addition, CnRG provides specialized services, concentrating on fields like payroll administration, contract hiring, tailored training, etc. They have the option of outsourcing all HR-related work to CnRG or hiring the company's services on an as-needed basis, depending on the size of their firm and the level of control they wish to keep over HR operations. Small to medium companies with between 25 and 500 workers are most companies who outsource their HR to CnRG. Numerous companies found that by employing HR outsourcing as a tactical tool, they have been able to relieve themselves of HR responsibilities, which has enabled them to focus on what they do best.

### Industrial Relation Services (IRS)

Management must make sure that there are no unneeded dangers at work and that the environment is safe for both the physical and emotional well-being of employees. Of fact, accidents may and do happen on a variety of occupations, and their severity could shock you. From a moral perspective, employers have a duty to maintain a workplace that will enable employees to carry out the activities they are assigned and will minimize any unfavorable features of circumstances impacting their health and safety. Insights and analyses on workforce management challenges are provided by IRS. IRS provides thorough handling the training, human resource management at the factories pay and profits, occupational health, security, worker output enhancement, and labor legislation through consultation, conferences, etc. Our services offer unequalled advice from some of the industry's top researchers, authors, and presenters. Therefore, we promise to provide you with reliable information to help you make decisions. As a result, many big and small businesses in the public and commercial sectors utilize our services to enhance the effectiveness of their people strategies.

#### **e. Critical Marketing issues:**

Due to the pandemic, most of the HR practices have changed, businesses have been affected negatively, financial losses and losing customers, demands have shifted and many more changes can be highlighted. With all this, HR consultancies must be prepared for the change and with the methods to deal with it. Here, CnRG also must revisit their services to address the needs the client's demand. Another critical issue is being constant with positivity and confidence, which relates to the growth of the company. CnRG professionals are experts in the field but there are cases where they face issues which threatens their progress.

## **2.5 Operations Management and Information System Practices**

CnRG uses computer-based information systems to systematize their operations. All the details, information, payments, billing, client transactions involve information systems. They are using a predictive analytic system to improve the operations management system and use the data and information to bring more customers. In operation management, CnRG uses human experts to perform all the major services and to monitor the team for better functioning.

## **2.6 Summary and Conclusion**

The CnRG is a human resource consultant that works with various organizations to enhance their human resource departments, HR practices, and perform HR audits for the organization to make them more effective in the business area, to sum up the information about it above. CnRG is attempting to improve brand awareness, evaluate the effectiveness of its marketing initiatives, develop new services based on customer needs, gather client feedback, and apply marketing technologies. As was said above, CnRG offers a variety of services to its clients, but it mostly concentrates on human resource outsourcing, offering all the HR-related services to businesses who do not want to have their own HR department. Besides, it also focuses on other services and are willing to improve, add more services with people demand.

The requirements of individuals as well as the demands of the current business environment are all recognized by CnRG. Based on all of these, it is attempting to close the gap between the organizational aim and operations. When a corporation develops business plans and policies, they may or may not be successful. In this case, it is challenging to understand the entire feedback loop. Therefore, it is always advisable to have an outside resource to verify it, recommend appropriate actions, have frank conversations with each department, and learn about internal difficulties that were impossible for the internal employees to know. In order to



assist in resolving these crucial organizational problems, HR Consultancy is crucial in this situation. CnRG has been providing the services based on the current situation and helping the business environment grow in Bangladesh.

## **2.7 Recommendation**

- The company should add more employees,
- More advertisement should be done on social media sites, business online sites, etc.

## **Chapter 3**

### **Internship Project**

#### **3.1 Introduction to HRM**

Human Resource Management is the field of business which assists organizations in inspiring employees to work for them and to strive together toward a shared objectives specified by the company's executives. An effective HRM system aids businesses in motivating employees in a way which includes monetary gain, self-realization, the capacity for creativity and innovation, as well as the opportunity to learn, grow, and develop personally.

People experience exploitation when a firm fails to meet their fundamental needs and personal objectives. Due to their lack of innovation, these businesses never last for an extended period. They make a brief profit before going bankrupt. An organization's effectiveness cannot be only attributed to the resources it has at its disposal; it also depends on the caliber and competency of its human resources.

Although most businesses are unable to do so, you may observe that competitors operating in the same industry occasionally provide the same services to the target market while more quickly capturing the market. The quality of human resources, HR procedures, HR policy, succession planning, compensation structure, and how they have created roles that make people feel challenged, attracted, and empowered may be the only things separating these rivals. The level of human resources development has a stronger impact on how effectively services are delivered to consumers and other management functions.

Human resources are the workforce's knowledge, abilities, creative potential, talents, aptitude, values, and beliefs. The components of human resources that are most important are those relating to aptitude, values, attitudes, and beliefs. To be dynamic, growth-oriented, and subject to quick change, the firm must develop its human resources and build an HR strategy that represents its organizational philosophy. Positive personnel initiatives and policies reward employees and ensure their loyalty. Competent human resources may be dynamic in a welcoming culture that promotes speedy growth and helps the business remain competitive for however long it wishes. Therefore, if a company's people resources are not developed, it will not be able to expand, adapt, and prosper.

### **3.1.1 Background of Audit**

When someone says "audit," they often imply an examination of financial statements. A financial audit is a dispassionate investigation and assessment of an organization's financial accounts to ascertain if they accurately and fairly reflect the transactions they claim to represent. Internal audits can be carried out by the staff members directly, while external audits can be performed by any licensed accounting company. The financial statements of almost all businesses, including the income statement, balance sheet, and cash flow statement, are audited every year. The results of an annual external audit are typically required by lenders as part of their debt covenants. Due to the significant incentives to willfully distort financial data in order to commit fraud, audits are a legal obligation for many businesses.

Human resource audits are not standardized, regulated, or routine like financial audits, which can be tailored to meet the specific needs of the firm at a given moment. Because it is required by law, auditing has become a standard practice in the financial sector. Legally speaking, it is not necessary in the case of human resources. However, some businesses like doing HR audits. The goal of an HR audit, a systematic, formal process similar to an audit, is to examine the

strategies, policies, procedures, documentation, structures, systems, and practices connected to the management of an organization's human resources. It performs a thorough, scientific evaluation of the present human resources' strengths, limitations, and developmental requirements.

The main goal of an audit, in the words of R.D. Gray is to "understand how the various units are functioning and how they have been able to meet the policies and guidelines which were agreed upon; and to assist the rest of the organization by identifying the gap between objectives and results for the end product of an evaluation should be to formulate plans for corrections or adjustments."

A functional audit is an audit of human resources. It involves diagnosing, analyzing, assessing, and deciding on potential future courses of action within the context of HRM. HRD auditing is a crucial tool for company management. In addition to regulating and measuring outcomes, its objective is to take a wider perspective that will aid in the development of future courses of action in the HRD sector. To make sure that policies and organizational objectives are maintained, the process requires a comprehensive review of all aspects of the HR function, generally using a checklist. Like a yearly health check-up, an HR audit is essential to fostering trust in an organization's management and human resources department. While HR audits, like financial audits, do not specifically attempt to solve problems, they do assist in shedding light on potential root causes of both existing and future issues. The results of these audits, which are often internal records that do not necessarily need to be made public, help the organization make decisions. Before beginning with the HR audit process, some major things are to be considered such that determining either it will be conducted by internal or external team. Another major thing is to secure the management commitment, if they are ready to fix the broken part despite the cost incurred, if they will allow access to all departments and information.

### **3.1.2 Objectives of HR Audit**

An organization's effectiveness in terms of HR may be evaluated on a regular basis. A few of the many objectives that HR audits may accomplish include guaranteeing legal compliance, assisting in maintaining or enhancing a competitive advantage, establishing efficient documentation and technology practices, and identifying strengths and weaknesses in training, communications, and other employment practices.

- To evaluate every area of HR and assess the success of each program inside an organization.
- To search for explanations and information about the accomplishments and shortcomings of HR.
- to evaluate the effectiveness of policy implementation.
- To assess the effectiveness of persons, staff, and workers.
- To look for management philosophy's priorities, values, and objectives.

All business operations must be examined by the HR audit in order to identify any divisions or activities that might benefit from cost-cutting strategies. These duties include selecting, hiring, training, retaining, and separating human resources for new hires. HR audit helps to maintain discipline among the workforce by routinely evaluating workers' conduct and actions and informing them of their responsibility toward the success of the firm. It assesses both the weaknesses and the assets of the HR section. It examines the recruiting, training, placement, promotions, working environment, employee complaints, and other policies to see whether the HR department complies with organizational norms and regulations.

### **3.1.3 Usefulness of HR Audit**

HR audits are not required by law, unlike financial account audits, but businesses have come to understand their value. As a result, they are willing to conduct an HR audit. It is conducted to fulfil the following needs:

- i. As a result of the significant impact that employee engagement in decision making has on employees' motivation at work, management of organizations has recognized the necessity for HR audit.
- ii. HR audit is required when an organization grows. For a large organization to improve its employees' performance, it needs ongoing checks.
- iii. The demand for HR audit has grown as a result of increasing pressure from labor unions, their input into the creation of employment policy, and questions about the managerial competence.
- iv. An active two-way communication system has also smoothed the need for HR audit.
- v. HR Audit makes HR data strategic and relevant. Connect all that HR data to the actual HR rules and practices in place to make full use of it.

## **3.2 Methodology**

CnRG has created their own HR audit system in order to develop the HR management system work. The HR Audit will be carried out in collaboration with the organization's HR management team as the first phase. To gather information about HR-related topics, they next conduct Key Informant Interviews (KIIs) with senior management, functional managers, and

line managers. This will give an overview of the HR systems, policies, and procedures that are in place—or are not—at this time.

A questionnaire covering all relevant HR policies and procedures is created in addition to the KIIs that will be used in an employee satisfaction survey. Both the online and hardcopy versions of this will be distributed, and both will remain anonymous. The questionnaires will be completed by the employees, and the responses will then be analyzed.

Additionally, a Focused Group Discussions with seven to eight members from different levels of management and employees are set to discuss on the best solutions for the company.

Based on the responses collected previously, the Audit team will offer quantitative and qualitative analysis of HR systems and practices, rate employee satisfaction with the systems, and offer recommendations for HR system improvement. Now it becomes convenient to provide a more specific methodology to fill gaps and improve the overall HR systems based on the findings of the HR Audit. The organization's present and future business strategies, mission, and vision statements, as well as current HR practices, will be observed during this process.

To summarize, the HR Audits methods can be listed as below:

- ❖ Interview
- ❖ Document review
- ❖ Questionnaire
- ❖ Sampling

### **3.3 Findings and Analysis**

During my internship period, my focus was to learn about the HR Audit, where the major part is learning about the process of conducting. Though the process varies from organization to organization, generally CnRG follows the following steps while conducting the HR Audit. I found the method of conducting the HR Audit within CnRG, which I have discussed step wise below:

#### **Step 1: Determining the scope of the HR Audit**

All organizational divisions administered by the HR Department are included in the scope of the HR Audit. To get the necessary data, the audit team must identify precisely which areas to concentrate on for review. If the business has never audited its HR function or if there have been significant organizational or legal changes recently, the audit team might wish to conduct a thorough investigation of all HR practice areas. On the other hand, if concerns are limited to the acceptability of a specific practice or policy, the audit team can focus more narrowly. For this, a review of all personnel-related documents is necessary, including personnel handbooks and manuals, policies, assessment forms, recruitment materials, computer capabilities, and other documents deemed pertinent.

#### **Step 2: Develop the audit questionnaire**

- Whether conducting a thorough audit or an audit of a single action, the audit team takes the necessary time to create a comprehensive document that covers all the concerns of the investigation. HR must develop a list of inquiries in order to guarantee the questionnaire is comprehensive. Questions like these may be asked:
- What are the goals of your section?
- When and how was it organized?
- What is it doing currently?



- What is the structure of the organization?
- What are the organization's overall key competences as well as those of each department?

### **Step 3: Data Collection**

The next process is to review the HR practices of the organization, collect the data using the questionnaire prepared earlier by the audit team. The questionnaire here will be used as a trace to review the specific areas and identify the actual area for audit. Interviews with senior managers, functional executives, top organization functionaries, and, if required, employees' representatives are conducted as part of an employee survey. The goal is to identify problematic situations, existing strengths, impending requirements, and management perspectives on human resources.

### **Step 4: Benchmark the findings**

The auditors set a benchmark for HR practices then further compares the findings with the HR benchmark. The comparison shows how the audit results compare to those of other businesses of a similar size, to national standards, or to internal organizational data. For instance, several typical categories, such as the ratio of an organization's entire workforce to HR specialists, the amount spent on the HR function relative to total sales, general and administration expenditures, and the cost per new hire, among others, may be used to establish the benchmark.

### **Step 5: Feedback on the results**

Following the completion of the audit procedure, the audit team will therefore summarize the data. The team will share with the top management and the organization's HR department the feedback in the form of findings and recommendations. Often, the conclusions are documented in a written report with recommendations listed in priority order based on the risk level given to each issue. Based on the findings of this last research, the audit team may develop

a schedule for the action that will assist them in determining how to address the concerns revealed. The audit team should talk with upper management about the results in addition to presenting a formal report in order to swiftly get approvals and ensure that everyone is aware of any necessary modifications.

### **Step 6: Develop Action Plans**

The company must act with the data discovered by the audit. The business must create action plans to implement the audit's proposals, categorizing the findings into priority of high, mid, and low needs. By performing an audit and then doing nothing with the results, the legal risk increases. If the organization does not apply the recommendation, then it can be a clear loss as they have invested money and time on the Audit

## **3.4 Summary and Conclusion**

An organization's people operations may be measured with the use of a human resources audit. It offers suggestions on the HR functions to operations managers and HR specialists. It also makes observations on how well managers are doing their HR duties. In most of the cases, HR are performing well but a sudden change can demand for change in the way they have been performing. The HR operations of a division or business are audited to look at their overall quality control and see how well they mesh with the organization's strategy. It is crucial to periodically assess the organizational structure. Every business is required to maintain an annual, biannual, or quarterly assessment of its hiring, selection, orientation, placement, training, and performance evaluation processes. Conducting an HR audit may be a challenging procedure that requires a lot of time and resources. But the rewards far surpass the work. You may restructure your organization's systems and procedures to meet your company's goals and objectives. For the firm to keep improving after the audit, HR management must keep track of and continually enhance the company's policies, practices, and processes. The track will help

them to observe if they have any positive impact The company will be able to create and preserve its competitive edge by doing this.

From the above discussion, it can be concluded that the HR Audit is a means which measures the current position of an organization and identifies the areas that are needed to be improved in the human resources function. An audit is a means by which a company can ensure if it is on the right path towards success and growth, if not what is to be accomplished to improve its HR functions. HR Audit should provide insight into which individuals are responsible for the implementation and enforcement. The audit should also be proactive, informative, and developmental and can also be reactive. The secret to a successful HR audit is realizing that it is a tool for discovery rather than testing, and that there is always room for improvement. Audit helps to know the room where possible changes or improvements are required. The complete HR audit examines every aspect of HR management, including hiring procedures, training and development, remuneration, employee relations, security, and all other concerns and tactics pertaining to HR. It is important to keep certain things in mind when producing the HR Audit report, such as using straightforward language, keeping it brief and to the point, highlighting the report's strengths and flaws with bullet points, and include understandable graphs and charts. Critical requirements should be addressed first as the outcomes are categorized based on the findings.

### **3.5 Recommendations**

- Every organization should conduct HR Audit timely. HR is the most crucial department of an organization; they are managing employee recruitment to employee's retirement and retention. This will help the HR department to follow the right path throughout the process.

- HR Audit can also be conducted internally, if it is done on regular basis after a certain time, it will help gain a valuable skill for the employees, helps improve the efficiency of the organization, especially the HR department.
- The report prepared after the audit can be very useful for other departments to know what changes have been made in the organizations, and employees are aware of the audit, their participation will also be added.
- At times, when we are facing a problem, we seek for help or solution outside but the solution always lies around the problem. Therefore, HR audit process also includes a focused group discussion, where the employees, management team are involved in the discussion and a solution, policy, or any idea is emerged.

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## Appendix

These are some example of case studies; I was provided during my internship which helps to know about the HR related problems and audit requirements.

### **Case Study # 1: ABC Pharmaceuticals Ltd.**

Mr. Ali, Managing Director of ABC Pharmaceuticals Company is in a dilemma. There has been an internal conflict within his organization for a long time and he now realizes that it is hampering the growth of his business. There is a great difference of opinion amongst the production and internal service based departments and the sales, marketing and customer service based departments. Each blame the other for not having good sales growth of the company.

The production and other internal service based departments such as HR, procurement, finance & accounts etc. think that the sales of the company is not growing because of the lack of planning and proper management of the external focused departments. They think that the sales, marketing and customer service departments are getting higher salaries, come from different backgrounds, have an easy-go-lucky attitude and are always having fun, never serious about work or office protocol. Due to their lack of proper planning, they are spending too much on promotional costs but cannot achieve their sales and customer retention targets as a result; not generating enough revenue. Other pharmaceutical companies in the market are being able to sell really well, the same kind of products even in this competitive market.

On the other hand – when Mr. Ali talks to the marketing and sales team – they always complain that the production has quality problems due to the cost effective nature of the finance and accounts team, which result in the procurement department to buy lower quality raw materials. The production team is also miserly people and cannot accept new ideas and changes to the traditional medicine look and packaging. The HR team is always looking for cheaper personnel and cannot find good talents for the sales and marketing team. Their logic is that in this competitive market – the customers need special attention, better and faster service, want superior quality products and will go for brand image rather than cheap medicine. With the similar miserly attitude of the internal control teams – the marketing and sales departments cannot flourish, they need a more liberal approach to spending to gain more market share.

In this confusion, Mr. Ali has decided to hire an external consulting firm to investigate the real reason for lack of growth in his company. As this involves multi-stakeholders – both internal and external – Mr. Ali felt that it would be good to have a third party perspective on the issues. Your team is asked to provide a proposal to conduct this Audit. Please plan for the following:

1. Make a stakeholder map.
2. Design a data collection plan for the different type of stakeholders.
3. Draft a questionnaire for gathering relevant information.
4. Prepare a report framework for Mr. Ali.

Case Developed by Parveen S. Huda

## Case Study # 2: AsharAlo Trust Foundation

AsharAlo, is a local NGO based in Khulna, working in the climate effected Southern part of Bangladesh for the poor and vulnerable community members; with a vision to show the light of hope for the climate refugees. Their target beneficiaries are poor people who live in slums, most of them have migrated to Khulna city after they have lost most of their belongings in the cyclones or floods. AsharAlo got a funding from a European Donor to provide life skill training for these slum dwellers, so that they can adapt quickly to the different life style needed for survival in the urban jungle.

As these people are usually not very stable, and have very little belongings, they move from one place to another without hesitation. Normally they shift because of work opportunity or a better shelter, or sometimes to stay with their community members. So, tracing them is a challenge; but the Donor has a very strict monitoring mechanism which needs to be followed in order to justify their expenses and receive further funding. Fortunately, AsharAlo has always been very timely and accurate about their reporting of the donor requirements. In fact, they have been so accurate, that the donor has become suspicious.

In all other countries where the donor is providing similar funds to similar poor communities; there is always a certain percentage of drop outs from training, and a certain percentage of trainees who cannot be traced. But in the case of AsharAlo, their records show 99% full attendance in the full training course and no drop outs. Even when the trainees needed to be traced 3 months after the training to understand the impact of the training; AsharAlo showed that they were able to trace 99% of their trainees and they have improved their lives and livelihoods because of the training they received from AsharAlo.

These reports made the donor suspicious – that most probably AsharAlo was not reporting 100% correct information. Possibly they are manipulating the data to show that they are more successful that is realistically possible. Now AsharAlo has submitted a report stating they have completed the 5000 slum dwellers training and was asking the donor for more money to train 10,000 more slum dwellers.

On one side the donors are happy – if their money are really being useful for poor people and improving their lives. But on the other hand, they are afraid that AsharAlo is actually not doing the actual training and reporting false information. So, before they decide to allocate any further funding – they want to know the truth. So, they have assigned your team to find out exactly what is happening in Khulna, and in the slums with the support of AsharAlo. Your job is to:

1. Investigate the enrollment and tracing mechanism for trainees in the slums.
2. Identify different mechanism for verifying the actual number of trainees and impact of the training in their lives.
3. Draft a questionnaire for gathering relevant information from AsharAlo and community.
4. Prepare a report framework for Donor.

Case Developed by Parveen S. Huda