

## AUDIT FRAMEWORK

**AUDIT DATE:**

TIME:

Compiled By :

**INTRODUCTION:**

**PARTIES INTERVIEWED: (Feedback from each member of HR )**

Name	Position	Background	Role and responsibilities (Their understanding)	Duties as per HR Manager

**In discussion with the relevant HR team members the following documentation and information was requested and subsequently received.**

Document	Party Received	Checklist	Comment	Date received
Company letterheads		-	-	
Employment equity submission for 2018 -EEA2 -EEA4 Reporting period: 1 October 2017 to 30 September 2018				
Employment equity Plan: 1 October 2017 to 30 September 2020				

CIPRO certificates				
Letter of good standing				
Retrenchment letters				
Workman's Compensation				
UIF reference numbers				
Payroll notes (staff movement) for (Insert Period)				
WSP/ATR Training plan Skills audit				

<b>Employee contracts</b> (a sample of 8 contracts where selected to be reviewed) <ul style="list-style-type: none"> <li>▪ The sample was random and covers the occupational levels of <ul style="list-style-type: none"> <li>- Top management</li> <li>- Senior management</li> <li>- Middle management</li> <li>- Junior management</li> <li>- Semi-Skilled</li> <li>- unskilled</li> </ul> </li> </ul>				
Employee pay slips of the selected 30 employees				
Policies and EMP201				
Organogram				
EMP501				
Salary schedule 12 months				
Standard Operating Procedure (SOP)				
Vacancy list				
Contract templates ( 7 templates in total)				
KPA Grid				

Job profiles(JP)			
HR Reports			
SEESA contract			

The following criteria was assessed during our interview and the feedback is detailed hereunder.

a) Requirements as set out by the Department of Labour (DOL) on Inspection

	<u>Question</u>	<u>Response (Feedback from )</u>	<u>Recommendation</u>
	<b>When was the last visit of the DOL?</b>		
<b>2.</b>	<b>Findings in this regard</b>		
<b>3.</b>	<b>Copy of sectoral determinations</b>		
	Employment Equity Act display		
	Basic Conditions of Employment Act display		
<b>4.</b>	<b>Attendance register of the last 2 months</b>		
	<ul style="list-style-type: none"> <li>• What platform is used?</li> </ul>		
	Biometrics		
<b>5.</b>	<b>Signed employment contract</b>		
<b>6.</b>	<b>Information about remuneration</b>		
	<ul style="list-style-type: none"> <li>• What payroll package is used?</li> <li>• Pay slips (example)</li> </ul>		
<b>7.</b>	<b>UIF number and proof of last payments (EMP201)</b>		
<b>8.</b>	<b>COIDA registration number, proof of last payment and letter of good standing</b>		
<b>9.</b>	<b>Company letterhead</b>		
<b>10.</b>	<b>Cipro certificates</b>		
<b>11.</b>	<b>List of all employees and their ID numbers</b>		

b) Contract of employment

		<b>Recommendations</b>
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1.	<b>Template of permanent contract of employment</b>		
	<ul style="list-style-type: none"> <li>Starting date</li> </ul>		
	<ul style="list-style-type: none"> <li>Job title</li> </ul>		
	<ul style="list-style-type: none"> <li>Reporting line manager</li> </ul>		
	<ul style="list-style-type: none"> <li>Remuneration</li> </ul>		
	<ul style="list-style-type: none"> <li>Benefits</li> </ul> <p>- bonus structure (no) - incentive scheme (no) - 13<sup>th</sup> cheques (no)</p>		
	<ul style="list-style-type: none"> <li>Termination clause</li> </ul>		
	<ul style="list-style-type: none"> <li>Retirement clause</li> </ul>		
	<ul style="list-style-type: none"> <li>Working hours</li> </ul>		
	<ul style="list-style-type: none"> <li>Annual leave</li> </ul>		
	<ul style="list-style-type: none"> <li>Job role or functions</li> </ul>		
	<ul style="list-style-type: none"> <li>Confidentiality clause</li> </ul>		
	<ul style="list-style-type: none"> <li>Conflict of interest clause</li> </ul>		
	<ul style="list-style-type: none"> <li>Restraint of Trade</li> </ul>		
	<ul style="list-style-type: none"> <li>Contract signed by both parties and initialed on each page</li> </ul>		
2.	<b>Template of fixed term contract of employment</b>		
	<ul style="list-style-type: none"> <li>Duration of contract</li> </ul>		
	<ul style="list-style-type: none"> <li>Job title</li> </ul>		
	<ul style="list-style-type: none"> <li>Reporting line manager</li> </ul>		
	<ul style="list-style-type: none"> <li>Remuneration</li> </ul>		
	<ul style="list-style-type: none"> <li>Termination clause</li> </ul>		
	<ul style="list-style-type: none"> <li>No reasonable expectation of permanent employment</li> </ul>		
	<ul style="list-style-type: none"> <li>Working hours <ul style="list-style-type: none"> <li>Office hours at head office</li> <li>Lunch breaks</li> <li>Tea breaks</li> </ul> </li> </ul>		
	<ul style="list-style-type: none"> <li>Annual leave</li> </ul>		
	<ul style="list-style-type: none"> <li>Job role or functions</li> </ul>		
	<ul style="list-style-type: none"> <li>How many contracts are longer than 3 months?</li> </ul>		
	<ul style="list-style-type: none"> <li>How many contracts have we renewed more than once</li> </ul>		
3.	Independent Contractor agreements		
4.	Casuals/part timers		

c) **Policies and Procedures**

	Policy	Feedback provided by: Yes/No	Date received	Recommendation
	How is policies and procedures communicated:			
1.	<b>Absenteeism policy</b>			
2.	Business etiquette			
3.	Code of ethics			
4.	<b>Cellphone policy</b>			
5.	Declaration of Interest policy			
6.	Disciplinary Code and Procedure			
7.	Educational assistance			
8.	Employee wellness			
9.	<b>Employment equity policy</b>			
10.	Gifts policy			
11.	Grievance Procedure and Form			
12.	IT			
13.	Leave -annual  -sick  -family responsibility  -unpaid  -maternity -study			
14.	Long service awards			
15.	Nepotism			
16.	Non-smoking			
17.	<b>Occupational Health and safety policy</b>			
18.	Overtime			
19.	<b>Performance management</b>			
20.	Poor performance management (PIP)			
21.	Recognition and reward			
22.	<b>Recruitment</b> - Process - staffing			
23.	<b>Retirement</b>			
24.	Retrenchment			
25.	<b>Sexual harassment</b>			
26.	Skills development			
27.	Social media			

28.	<b>Succession planning policy</b>			
29.	Travel			
30.	<b>Uniform Policy</b>			
31.	Working hours policy			
32.	Ad hoc			
	When were policies last reviewed			
	Process of implementing new policies			
	Communication to staff			
	Employees acknowledged and signed off policies			
	Employee handbook			

d) **Payroll**

		Feedback from AM
1.	What platform do you use?	
2.	What is the payroll process?	
3.	Who performs checks?	
4.	Who does all the data input?	
5.	Who confirms file before payment has been affected?	
6.	Overtime rate	
7.	Leave liability (book)	
8.	Staff loans	
9.	Medical aid contributions	
10.	Provident Fund	
11.	Third party payments	
12.	When are salary increases affected?	
13.	When are bonuses paid?	

e) **Employment equity submission**

		Feedback from
1.	Defined as a designated employee	
2.	Submission on 15 January 2019	
3.	EEA 2	
4.	EEA 4- Income differential	
5.	Employment equity plan	
6.	Employment equity Committee and election thereof	
7.	Employment Equity Committee members - list - process	
8.	Employment equity members received training	
9.	Employment equity agenda and meeting minutes	
10.	Communication process to staff	

f) **Return of earnings submission**

1.	Last submission and historical background	
2.	Payment made	

3.	Letter of good standing	
4.	IOD's reported	

g) **Workplace skills plan and Annual training Report**

		Feedback from
1.	SETA registered	
2.	Registered SDF	
3.	Last submission in;	
4.	Training records for past year	
5.	Skills audit	
6.	Skills planning for upcoming year	
7.	Skills committee and election thereof (combined with EE committee)	
8.	Levies paid and grants received	
9.	Budget for training	
10.	Learnerships	
11.	Study grants or bursaries	
12.	Workforce planning and succession planning	
13.	Career development	

h) **HR administration**

		Feedback from AM
1.	Where are personnel files kept?	
2.	Who has access?	
3.	Is an electronic copy kept on server?	
4.	Content of personnel files <ul style="list-style-type: none"> <li>- Biographical information</li> <li>- Tax numbers</li> <li>- When last updated</li> <li>- EEA1 form completed</li> <li>- Contract</li> <li>- Job description</li> <li>- Disciplinarys</li> <li>- Leave records</li> </ul>	
5.	Pay slips distributed electronically or physical	
6.	Access to HR	
7.	Take on/Onboarding process	
8.	Exit process	
9.	HR reporting <ul style="list-style-type: none"> <li>- monthly</li> <li>- format</li> </ul>	

i) **Job descriptions/Performance plans**

		Feedback from
1.	Organogramme <ul style="list-style-type: none"> <li>-Company and subsidiaries</li> <li>-Holdings</li> </ul>	
2.	Job description for each position (data base)	
3.	Signed off by employee	
4.	When last updated	



5.	Criteria specified in job description: -	
6.	KPA's drafted for all staff	

j) **Performance management and benchmark with market**

1.	Performance management platform	
2.	Does staff have objectives or KPA?	
3.	Metrics	
4.	How often does evaluation happen during the year?	
5.	Do you use scoring/rating system to determine salary increases and bonuses?	
6.	Salary scales and benchmarks	
7.	Audit of pay on grade/level	
8.	Percentile of pay 25/50/75	

k) **Labour relations**

		Feedback from
1.	Pending disciplinarys	
2.	Pending grievances	
3.	Pending CCMA matters	
4.	Disciplinary process	
5.	How many staff have left the Company in the last year? 2018/2019 - Turnover - Resignations - Dismissals - Retrenchments - Settlement agreements	
6.	Retrenchment process - Describe process	

l) **Health and safety**

		Feedback from
1.	Section 16.1 sign off	
2.	Delegation of authority	
3.	Health and safety reps	
4.	Health and safety committee	
5.	Training received -first aid - firefighters	
6.	Monthly audits performed	
7.	First aid box	

m) **BEE**

1.	Definition of designated employer	
2.	Do you have to comply with receiving accreditation	

3.	Level? compliance	

**RECOMMENDATIONS: (Main Problem areas identified)**

	AREA	COMMENT
1.	Legislated compliance <ul style="list-style-type: none"> <li>● Employment equity submission</li>   <li>● Workman’s compensation and letter of good standing</li>   <li>● Skills submission</li>   <li>● DOL compliance</li> </ul>	
2.	Employment contracts (sample viewed) <ul style="list-style-type: none"> <li>- Template or master copy of permanent/fixed term contract</li> </ul>	
3.	Policies and Procedures	
4.	Staff loans	
5.	Implementing of EE/Skills Committee	
6.	Skills development	
7.	Health and safety	
8.	Performance management	
	<b>Proposed:</b>	
	Engagement or pulse survey	
	<b>Concern raised and should be highlighted</b>	
	<b>Specific issue raised and finding:</b>	