

THE HR AUDIT *CHECKLIST* FOR CONSULTANTS



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INTRODUCTION

As an HR consultant, you already know the value of a well-executed audit. It's often the first step in uncovering risks, spotting opportunities and shaping meaningful recommendations for your clients. The challenge, however, is finding the time. When you're balancing multiple clients and competing priorities, conducting a thorough audit can sometimes fall down the list.

That's why we've created this HR audit checklist. It's designed to make the process simple, efficient and consistent, so you can quickly get to the insights that matter most and deliver practical, high-value solutions to your clients.



WHY A HR AUDIT IS BENEFICIAL FOR YOUR CLIENTS



When conducting a HR audit, you'll need to be across a lot of information quickly. For your clients, this might require some time and effort on their part too. If your clients need a little convincing on the value of an audit, we've got a few specific benefits for them to consider.

1. It mitigates the risk of non-compliance

There are plenty of things that keep business owners up at night and one of them is definitely compliance. Employment legislation in New Zealand can be complicated and the penalties for getting it wrong could add up to as much as [\\$20,000 per business](#). Your audit can examine everything with a fine-toothed comb, to check they're meeting their legal responsibilities and that nothing is at risk.

2. It saves cost

The audit might require some time and investment up front but long term, it has the potential to save your client's business money. By examining all the various processes, your audit can identify opportunities where things can be streamlined and improved. From a workplace culture point of view, it can also identify ways to improve employee happiness and retention, which saves employers [the cost involved in finding new talent](#).

3. It can create a positive work culture

On the topic of work culture, the audit can examine what elements are contributing towards a positive environment and where there is room for improvement. Everyone wants to go into work looking forward to their day and building a great culture can go a long way towards that. Happier employees are also [more productive employees](#), which can only benefit the business in the long run.

4. It ensures the business can work towards their goals

A successful team is one that works together to achieve its objective. An audit can ensure that everyone in the business is working towards the right goals and that no time is spent on things that won't get them there. You want to shift the focus to the team as a whole and ask 'what are they trying to achieve and how will they get there?'.



How to use the checklist

Once the client is on board, it's time to start your audit. Our HR audit checklist goes through all the key elements of HR and performance management. It should generally apply to most businesses, although you may need to adapt some of the points depending on your client.

Go through all the checkpoints and tick them off as you're done. Once you're out the other end, you'll be armed with the insights and information you need to make recommendations for your client. We'll go through that stage after the checklist.

AUDIT CHECKLIST

Documentation and compliance

With many legal frameworks to follow, maintaining business compliance in New Zealand can be a challenge. There's the Holidays Act to parse and a number of other key legislation that employers have to be across. With severe penalties at stake for non-compliance, staying on the right side of the law is a non-negotiable. Your first act in the audit should be to check that the business is meeting all of their legal responsibilities.

- ☐ Review and verify that all employee files are up to date
- ☐ Check for secure and confidential storage of employee data
- ☐ Ensure all employee data (including pay and leave) has been retained for [up to six years](#)
- ☐ Check the team's visa expiry dates
- ☐ Check the team's certification and licence validity
- ☐ Confirm compliance with wage and hour laws (e.g. minimum wage, overtime)
- ☐ Confirm all policies are legally sound
- ☐ Review onboarding and offboarding processes for legal compliance

Workplace safety

Workplace health and safety is a multifaceted challenge. Many employers underestimate the scope of the [WorkSafe regulations](#). Health and safety isn't just about physical risks but psychosocial, ergonomic, biological or even chemical risks. Your job is to analyse every one of the potential hazards in their organisation, doing your best to proactively prevent incidents before they happen.

- ☐ Check for compliance with Safe Work Australia/WorkSafe regulations
- ☐ Review safety training records and incident reports
- ☐ Ensure that the workplace is safe and hazard free

Workforce planning

For a business to be truly successful, it needs to have the right team behind it. This means ensuring that every employee is essential and that the organisation is not missing critical roles. You'll need to understand the structure of the team, where everyone sits and what the company needs to thrive and grow.

- ☐ Create an organisational structure chart
- ☐ Review all job titles and descriptions for accuracy
- ☐ Identify any potential roles for recruitment

Employee engagement

Did you know that happy employees are [12% more productive](#) than their peers? A thriving business is one where the team is engaged, motivated and productive. As much as all business leaders feel they offer a great workplace, there's always space to improve. That's where you can help.

- ☐ Conduct an employee happiness survey
- ☐ Assess how employee grievances and complaints are handled
- ☐ Review data on employee turnover and absenteeism
- ☐ Identify potential issues around engagement and company culture

Performance management

Managing performance takes a significant amount of time, which is why it can be a real challenge for employers. There's the reviews, the goal-setting and then the necessary development required along the way. And of course, there's actively working with employees who are underperforming. If you can support your clients with performance management, you could save them a great deal of time.

- ☐ Review the current performance evaluation system
- ☐ Compare performance goals with company objectives
- ☐ Assess training and development initiatives
- ☐ Evaluate how performance issues are currently handled

COMMON AUDIT FINDINGS



Once the audit is complete, you'll likely have quite a few findings that you can use to make recommendations. We've listed a few common findings here, as well as potential solutions that you can suggest to your client.

Non-compliance

If you've found non-compliant processes in your client's businesses, they could be at serious legal risk. So that audit has come in very useful! Common examples of non-compliance include improper employee classification (such as misunderstanding what makes a casual employee) or inaccurate record-keeping of employee files. They may have also calculated wages or hours incorrectly, or are enforcing policies that go against employment law.

The solution:

Any aspects of non-compliance need correcting as soon as possible, whether that's updating records or ensuring that any incorrect payments are remedied. You may also want to suggest that your client takes specific steps to ensure no future mistakes. This could include bringing in [payroll software](#) to support accurate calculations or an [employee management system](#) to store records safely.

Operational inefficiencies

Your audit may have unearthed processes that require far more time and effort than is necessary. Whether that's a slow onboarding process for new employees or rosters that take hours to create, a lot of HR processes these days are time-consuming when they don't have to be. Plus, time spent by your client translates into paid hours of work, meaning that these inefficient processes are also costing them money.

The solution:

Today's [digital solutions](#) offer new ways to streamline basic HR processes. There's no need for mounds of paperwork or manually inputting data into a spreadsheet. Your client could benefit from being introduced to software that can speed up every element of their HR and payroll. For example, as part of [Employment Hero's Employment Operating System](#), the bulk of onboarding can be done by the new employee digitally before they've even walked in the door for their first day.

A strained workplace culture

If your audit has unearthed significant strain in the business work culture, your client could have serious issues on the horizon. Whether it's unmotivated employees, perceptions of biased treatment or even harassment, workplace culture issues have a huge impact on all elements of the business. Employers could find themselves footing the hiring bill when employees leave, see their workplace productivity tank or even get in hot water legally.

The solution:

There's unlikely to be a quick fix for workplace culture and the solution depends on what is causing the issues. You'll likely need to speak to different people in your client's business to get the heart of the problem. You may also want to consider software that can accurately track employee sentiment through [regular anonymous surveys](#). This isn't just useful for finding out what's going wrong. It can help you track the impact of any actions you take.

INTRODUCING EMPLOYMENT HERO



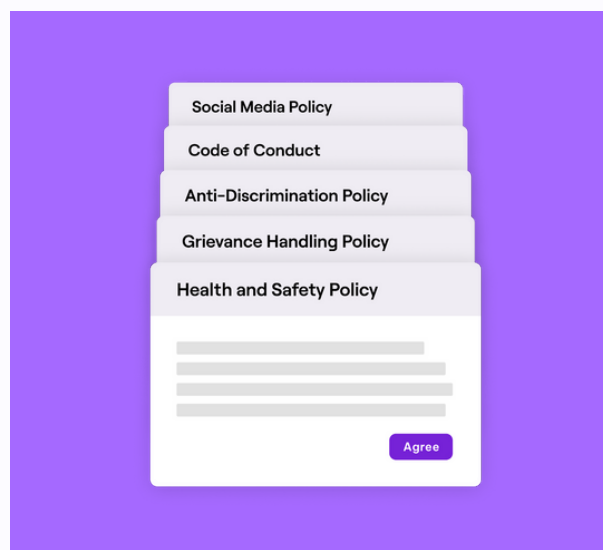
If your client has HR issues, Employment Hero can help. Our world-leading **Employment Operating System** is designed to address common challenges, such as incorrect payroll calculations and ineffective performance reviews. Every one of the Employment OS's features has been designed to optimise and improve HR for businesses of all sizes.

Here are some of our top features that could be useful in addressing the results of an audit.

Compliance support

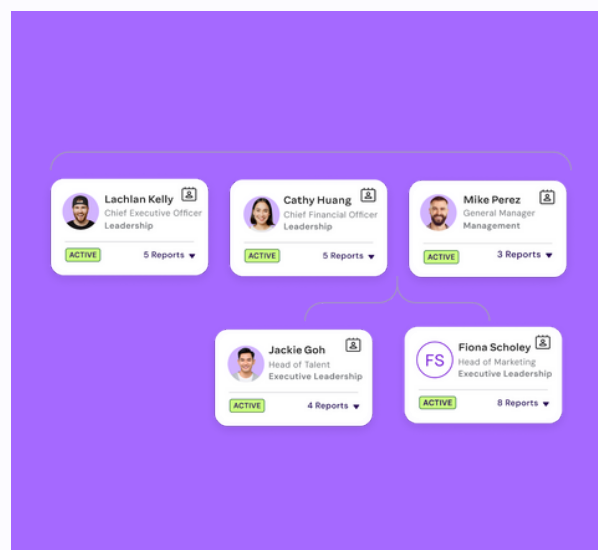
Whether it's creating workplace policies, maintaining employee files or calculating leave, the Employment OS can help. The system is made by employment experts and regularly updated to reflect any changes in legislation. It includes [payroll software](#) that can automatically calculate the right wages for every pay run, as well as [HR features](#) that enable digital creation and acknowledgement of important business documents.

The Employment OS acts as a secure digital paper trail for any essential records, making it easy for clients to store the right information and check any details when they need to.



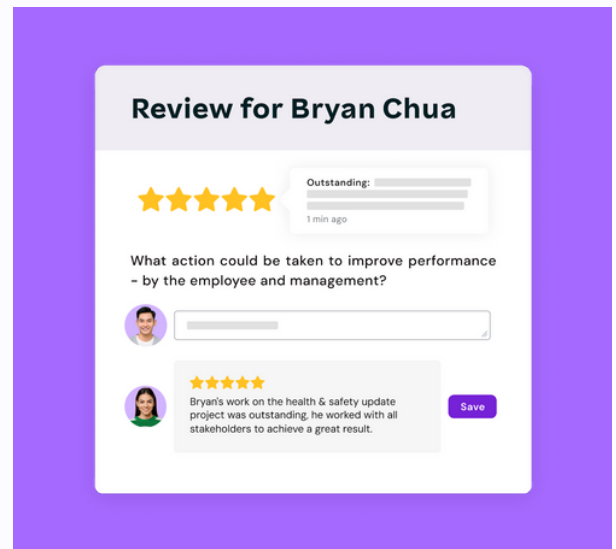
Organisational charts

Understanding who everyone is and what they do inside a business can be hard. We've made this aspect of employee management simple by including an [organisational chart inside the platform](#). Clients can also set up a staff directory, which makes it easy for everyone to stay in touch.



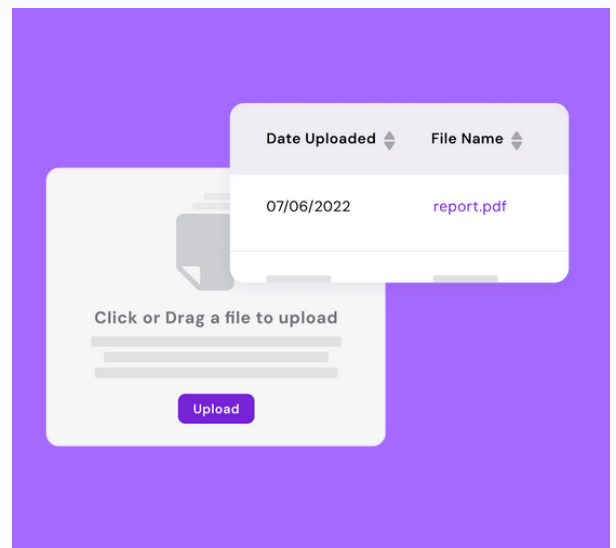
Performance management

If your client is struggling to motivate their people, our [performance management features](#) can make a huge difference. Your clients can set up regular performance reviews, structure how they assess employees and reward work well done. Employment OS users can also get access to a Learning Management System containing thousands of courses, so they can actively support their team in upskilling.



Workplace health and safety

Every business has risks. The Employment OS [safety incident report feature](#) makes it easy to log any safety incidents quickly. Clients can also set up the platform so that the designated WorkSafe authority in your organisation will directly receive the details of the incident and has an opportunity to review. It's easy, it's efficient and it's super handy for incident reporting.



Finally, we know that businesses come in all shapes and sizes. If you think your client would benefit from the Employment OS but doesn't need every single feature, our team can adapt a package to reflect that.

Support your clients with the results of your HR audit by introducing them to a digital solution that can help. Our Employment OS is made to support New Zealand businesses with HR challenges so they can reach their growth goals.

BONUS TEMPLATE: BUILD A BUSINESS CASE FOR HR SOFTWARE

We've included a handy template that can help you make the case for HR software to your clients. The template will take you through all key requirements of a business case and support you in properly assessing what your client really needs.

There's space in there to include the results of your HR audit as well.

Date:

HR consultant:

Company representative:



The company's current HR processes

Q1. How is HR currently managed at the organisation?

Q2. How much time does HR management require of the team at the moment?

Q3. What are some of the challenges or pain points arising from the current process?



The company requirements

Q1. What processes would ideally be supported by HR software?

Q2. Who will need admin access to the software?

Q3. Is there anything additional the company will need in future months/years?



The implications of moving to a new HR software

Q1. What would HR software bring to the organisation's processes?

Q2. What features of the software would be most useful to the company?

Q3. How would this software make a difference to other elements of the team/company?



Next steps

Q1. If it's given the green light, what would be needed to get the software chosen, purchased and implemented?

Q2. Is there any software being considered and what do they offer?

Additional notes: