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AUDIT REPORT ON COUNTY HUMAN RESOURCE MANAGEMENT PROCESSES

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CHAPTER ONE

1.1 Introduction and Background

Human Resource Audit entails comprehensive evaluation of an organization's HR policies, practices, procedures, and systems to assess their effectiveness, compliance with legal and regulatory standards, and alignment with the organization's goals. HR audit seeks to identify strengths and areas for improvement in the management of human capital, ensuring that HR activities are efficient, compliant, and contributing to organizational success.

HR Managers in County Government Departments face significant challenges in Human Resource (HR) management. Key among these challenges are; failure to achieve equitable gender representation in accordance to both the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW) and the two-thirds gender principle enshrined in Article 232 of the Constitution. This has resulted in disproportionate representation across genders and insufficient measures to ensure the constitutional and the United Nations Sustainable Development Goals (SDG) of achieving gender equality and women's empowerment.

Additionally, recruitment processes exhibit systemic weaknesses, including biases based on gender, region of origin, and other socio-demographic factors, which undermines the principles of fairness and equity. These biases extend to compensation and benefits, where disparities are evident in pay scales and access to entitlements, further perpetuating inequality within the workforce.

Training and development opportunities pose similar challenges, and in some cases not informed by merit or organizational needs. This has led to uneven skills enhancement and limited career growth opportunities for under-represented groups, creating workforce imbalances.

Performance evaluations within the County Governments are inconsistent and, in some cases, not institutionalized. These deficiencies not only demotivate employees but also hinder organizational productivity and accountability. Moreover, staff relations are inadequately addressed with grievances often going unattended or unresolved, resulting in low employee morale and trust in HR processes.

Compounding these issues is the widespread non-compliance with existing laws, policies, and standards. This lack of adherence undermines organizational integrity and exposes County Governments to legal risks and reputational damage.

The absence of an overarching HR audit mechanisms has allowed these issues to persist, impeding the County Governments' ability to achieve equitable, effective, and compliant HR management. Addressing these systemic challenges through the development of HR Audit guidelines is essential to foster transparency, inclusivity, and compliance, ensuring the workforce is both representative and well-managed in alignment with constitutional and international obligations.

1.2 Planning and Preparation

Effective audit planning and preparation is critical in ensuring an objective HR audit process. During our planning, we identified key focus areas, allocated resources efficiently, and established clear timelines. Our preparation involved understanding the organizational context, assembling relevant documents, procedures, and defining the scope and objectives of the audit. To ensure clarity and focus in the HR audit, we came up with general and specific objectives.

1.3 General Objectives

The primary objective of an HR audit is to assess the efficiency, compliance, and effectiveness of human resource management practices and processes within an organization. It aims to ensure alignment with legal and regulatory requirements, promote adherence to organizational policies, and enhance overall operational performance. It's noteworthy that identifying strengths, weaknesses, and opportunities for improvement, the HR Audit serves as a strategic tool to foster accountability, mitigate risks, and optimize the utilization of human resources capital.

1.4 Specific Objectives

The specific objectives of developing the HR audit guidelines are to establish a structured framework for evaluating the effectiveness, compliance, and efficiency of human resource management practices within the County Governments. These guidelines aim to ensure consistency in audit processes, promote adherence to statutory and regulatory requirements, enhance accountability in HR functions, and identify areas for improvement to align HR practices with organizational goals. By providing clear and standardized procedures, the guidelines seek to support auditors in delivering objective assessments and fostering the overall integrity and professionalism of HR operations.

1.5 Constitution of the Audit Team

We constituted an HR audit team consisting of carefully chosen members with complementary skills, including HR professionals, auditors, legal experts, and compliance specialists. The Team members possessed analytical skills, attention to detail, knowledge of HR policies and labour laws, strong communication abilities and capability to uphold ethical standards. We ensured that roles aligned with each member's expertise to ensure accountability and efficiency. The team remained impartial and adhered to professional standards for credibility. Additionally, the team's leadership came in handy to foster collaboration, clarify objectives, and guide the team towards achieving audit goals.

1.6 Audit Plan

The audit plan is a critical tool for ensuring a systematic, efficient, and effective audit process. It serves as a roadmap, outlining the objectives, scope, methodology, key milestones, and resources. We conducted a preliminary review of the organization's structure, risks, and past reports to draft a plan that identified areas of concern, assessed compliance with laws and policies, and evaluated HR processes and performance. We carefully considered documentation and adherence to specific guidelines are essential to creating a comprehensive and realistic plan before the audit began.

1.7 Audit Objectives

The following were the specific objectives of the HR Audit;

(i) **County Government Structure:** Here we ascertained whether there is a county government structure and whether it complied with the County Government Act, 2012.

(ii) **Recruitment and Selection Processes:** Here we evaluated whether recruitment practices attract qualified candidates and are free of bias.

(iii) **Employee relations and engagement:** Under this we evaluated how well the County maintains positive employee relations and morale.

(iv) **Compensation and benefits:** This is to assess fairness, competitiveness, and alignment with organizational strategy.

(v) **Review HR Policies and Procedures:** This is to ensure that policies are up-to-date, legally compliant and clearly communicated.

(vi) **Performance management systems:** To determine whether performance evaluations are objective, regular and development focused.

(vii) **Check record keeping and documentation**: This will serve to assess the accuracy, confidentiality, and compliance of HR records.

(viii) **Review Health, Safety and Welfare Policies:** Under this, evaluation will be done on organizations compliance with occupational health and safety standards.

(ix) **Assess Strategic HR Planning:** This will serve to evaluate whether HR planning aligns with current and future organizational needs.

1.8 Scope of the Audit

The HR Audit will cover such areas as recruitment and onboarding, promotions, compliance with labour laws and regulations, employees' records management, performance management, training and development, compensation and benefits, employee relations, discipline management, payroll management, termination and off-boarding processes and any exclusions. Ensure the scope aligns with the objectives and is manageable within the available resources.

1.9 Audit Methodology

We applied several methodologies during the audit, including data collection such as surveys, interviews, document reviews, sampling techniques, analysis procedures, audit procedure, audit tools and audit checklist. The methodology depended on the audit objectives.

Failure to publish and publicize the staff establishment and the county structure- we observed that the CPSB did not publish and publicize the staff establishment and the county structure in the county web site or in any other medium.

Risk; -

The absence of published organizational information could undermine public trust and confidence in the entity's governance, potentially leading to non-compliance findings during audits and further scrutiny from oversight authorities.

2.2 Evaluating whether recruitment practices attract qualified candidates and are free of bias.

a) Recruitment and Selection

Recruitment and selection refer to the processes through which an organization identifies, attracts, and appoints suitable candidates to fill vacancies. Auditing these processes ensures they are conducted transparently, fairly, and in compliance with established policies and regulations. It also evaluates whether the organization attracts the best talent while upholding principles of merit, equity, and inclusivity.

Criteria- we followed the criteria outlined in the provided guidelines for Human Resource Audit for County Governments.

During the audit, the following gaps were identified; -

1. **Lack of annual recruitment plan-** we observed that the County did not have a clearly documented recruitment plan to guide on when to conduct recruitments.
2. **Lack of long listing report in the county web site-** the CPSB has not been publicizing and publishing the longlist of all people who applied for various jobs during recruitment process.
3. **Leverage on technology in the recruitment process** – most of the activities in the recruitment process are conducted manually.
4. **Feedback mechanisms** – interested candidates for recruitment do not have a channel for checking the recruitment process and giving feedback.

5. **County approved human resource plan** – the county has not cascaded down the Annual Development Plan into annual human resource plan.
6. **Missing scheme of service** – the county does not have a career guideline for some cadres in the directorate of revenue and environment.
7. **Onboarding guidelines** – the county has no adequate induction and onboarding guidelines.

Risks-

1. Failure to have a recruitment plan could lead to inadequate staffing or improper hiring practices.
2. Failure to publicize and publish the long and short list of applicants in the county web site could lead to mistrust of the recruitment process which could also escalate into legal issues.
3. Manual recruitment workflows can lead to delays, lost applications, or missed deadlines, affecting the integrity of the process.
4. The absence of feedback diminishes transparency, making it harder to demonstrate accountability and may lead to questions about the integrity of the recruitment process.
5. Lack of a well-defined human resource plan, critical personnel may leave unexpectedly, leading to potential errors or omissions in financial reporting due to loss of expertise or oversight.
6. Lack of scheme of service could lead to overcrowding and populated designation without proper requirements for appointment thus affecting the employee morale, career advancement, succession management and wage bill.
7. Lack of a structured onboarding guidelines could lead to gaps in training, role assignment, authorization processes, discipline management, performance management and exit management leading to control deficiencies.

2.3 Evaluating how well the organization maintains positive employee relations and morale

Employee Relations

Employee relations refer to the management of relationships between an organization and its employees, ensuring mutual trust, respect, and collaboration. It involves fostering open communication, addressing workplace concerns, and maintaining policies that support a positive work environment.

Criteria- we evaluated the employee relations in the county using the criteria given in the Human Resource Audit guidelines and observed the following; -

Lack of a structured employee grievance handling guidelines- the county does not have a structured employees grievance handling guideline.

Risk; -

Lack of a structured employee grievance handling guidelines could hamper litigation by aggrieved employees.

2.4 Assessing the fairness, competitiveness, and alignment with organizational strategy

Employee Compensation and Wage Bill Containment

Employee compensation and benefits comprise the package of rewards that employers provide to employees in exchange for their services.

Criteria- we followed the criteria that are in the guidelines and observed that the county complied with payroll management, performance-based compensation, institutional optimization and cultural transformation.

However, the following was noted regarding verification of staff certificates;

Certificate verification – the county has not verified certificates for the existing staff members.

Risk; -

Failure to verify employees' qualification certificates could lead to some staff possessing fake certificates and non-compliance with regulatory or contractual requirements.

2.5 Checking whether policies are up-to-date, legally compliant, and clearly communicated.

Compliance with Employment Regulatory Framework

County Governments in Kenya must adhere to labour laws to maintain harmonious employer-employee relationships.

Criteria- assessed various county policies as per the guidelines with respect to compliance with employment regulatory framework and observed the following; -

1. **Compliance with Article 27(8) of the Constitution-** the County has complied with Article 27(8) of the Constitution which requires that no more than two-thirds of employees in the County are of the same gender.
2. **Non-compliance with Section 65(1) (e) of the County Governments Act, 2012-** the county has not complied with Section 65(1)(e) of the County Governments Act, 2012 which requires that at least 30% of employees are sourced from outside the dominant community.
3. **Lack of county training needs assessment-** the county has not undertaken a training needs assessment.
4. **Non-compliance with training policy-** the county has failed to comply with the training policy which requires that the training budget should be at least 2% of the total budget.
5. **Un-coordinated certification and CPE/CPD-** the county has not been tracking and updating employee trainings and ensuring good professional standing.
6. **Lack of post training assessment and feedback-** the county does not have a post training and feedback mechanism to gather feedback on training.
7. **Lack of employee mental health and wellness guidelines-** the county does not have an employee mental health and wellness guidelines.

8. **Lack of employee counselling and psychosocial support unit-** the county does not have an employee counselling and psychosocial support unit.
9. **Failure to adhere to 5% Section 13 of the Persons with Disabilities Act, 2003, -** the county has not met the threshold (5%)

Risk; -

1. Legal and Penalty Risks: Non-compliance may lead to fines, penalties, or legal actions against the county
2. Financial Reporting Risks: Failure to adhere to employment laws can lead to additional expenses.
3. Reputational Risk: Non-compliance might damage the county's reputation, leading to loss of stakeholders' trust.
4. Operational Risks: Non-compliance can cause disruptions such as work stoppages, employee disputes, or investigations, potentially impacting ongoing operations and financial results.
5. Internal Control Risks: Lack of proper compliance controls may indicate weak internal controls over payroll, employee records, and legal compliance processes, increasing the risk of errors or fraud.
6. The county not benefiting from the investment on training due to staff exit.

2.6 Determining whether performance evaluations are objective, regular, and development-focused.

Performance Management

This is a systematic process used by organizations to plan, monitor, evaluate, and improve the individuals', teams' and organizations' performance. It aims at ensuring that activities and outcomes align with the organization's strategic objectives while fostering accountability, efficiency, and effectiveness.

Criteria- we reviewed the performance contracting, performance appraisals, goal setting, feedback mechanisms and employee development opportunities. This was to check whether the county's performance was aligned with national policies, best practices and promoted transparency, accountability, and continuous improvement.

During the audit, the following gaps were identified; -

Failure to recognize individual productivity and performance – the audit noted that the County did not have a framework for recognizing and rewarding individual members of staff who performed exemplary well.

Risk; -

Failure to recognize and reward performance can decrease employee morale and motivation, potentially impacting overall productivity and leading to higher turnover.

2.7Assessing the accuracy, confidentiality, and compliance of HR records.

Record-keeping

Record-keeping refers to the process of systematically maintaining and managing records and documents that document activities, transactions, or events. It involves organizing, storing, and preserving information for future reference, accountability, legal compliance, and decision-making purposes.

Criteria- we confirmed that the county maintained proper documentation of every stage of the recruitment process including opening of personal files and capturing of all the requisite bio data from new recruits.

However, a gap was identified in the following area;

Integrated records management system- we observed that the county lacks comprehensive integrated records management system

Risk; -

Lack of a centralized comprehensive integrated records management system could lead to data storage across multiple locations or formats, leading to discrepancies, outdated records, or duplicate entries thus undermining data integrity.

Green Human Resource Management (GHRM)

Green Human Resource Management (GHRM) encompasses HR practices and policies aimed at aligning organizational goals with sustainable environmental objectives.

Criteria- we assessed the county's GHRM and observed that the county has been complying with environmental regulations.

The following observation was however made;

Un-structured environment sustainability initiative- the county does not have a structured initiative on emerging issues related to environmental sustainability.

Risk-

Non-compliance with environmental laws and regulations could lead to legal sanctions and increased scrutiny from regulatory bodies.

CHAPTER THREE

3.0 RECOMMENDATIONS

The following are the recommendations made which aim at improving human resource in the county;

1. The management should ensure timely publication of the staff establishment and county organizational structure.
2. The management should develop a recruitment plan.
3. The CPSB should ensure that the long listing and shortlist reports are published in the County website whenever they are recruiting.
4. The management should endeavor to digitize the recruitment process, develop a structured tracking system for the candidates to check progress of the recruitment process and a structure mechanism for stakeholders to give feedback regarding the recruitment processes.
5. The management should develop career guidelines in liaison with technical team from public service for cadres that do not have the scheme of service.
6. The management should develop employee onboarding and induction guidelines.
7. The management should prepare employee handbooks and issue to members of staff.
8. The management should undertake verification certificates.
9. The management should develop comprehensive documents management system.
10. The management should align its mechanism to the SRC framework for Productivity and Performance recognition and develop mechanism of improving underperformance.
11. The management should periodically undertake county training needs assessment and conduct post training assessment, feedback surveys and follow-up evaluations.
12. The County should set aside 2% of the total budget for training as prescribed in the training policy.
13. The management should start tracking and updating employee trainings and ensure compliance.

14. The management should adhere to the affirmative action for youth, gender, persons with disabilities and minority as provided in Article 56 of the Kenya's constitution 2010.
15. The county should develop an employee grievance handling guideline and establish counselling and psychosocial support units.
16. The county should develop a comprehensive workplace emergency preparedness plan and conduct sensitization to employees.
17. The county should create employee recreational and wellness facilities.
18. The county should develop clear communication channels and feedback for employees.
19. The management should continuously train its employees on the use of emerging technology.
20. The county should Capacity build its employees on Green Human Resource Management.
21. The management should develop and document a comprehensive exit process.

CHAPTER FOUR

4.0 CONCLUSION

From the foregoing, we wish to reasonably assure the management of the County Government of Nyeri that human resource is managed in an efficient and effective manner and that the practices and processes complied with various laws and regulations except for the gaps that were identified.

The management should strive to address the findings and related risks that are highlighted in the report and implement the suggested recommendations in future since the findings could negatively impact on the achievement of the county's objectives.

Finally, we thank the management for the cooperation accorded to us during the exercise.

COUNTY GOVERNMENT OF NYERI
DIRECTORATE OF INTERNAL AUDIT
30 JUN 2025
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