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Morales Named ACE Winner

Bellann Morales was recognized for her strategic impact as firm administrator and CFO of **Travis Wolff/Dallas** by winning the 2003 ACE Award. The award was presented on June 26 at the annual symposium of the **Association for Accounting Administration**.

ACE is jointly sponsored by AAA and Aspen Publishers, which publishes *CPR* and its sister publication *CPA Managing Partner Report*. The award, which stands for Achievement, Commitment and Excellence, was known as the Administrator of the Year Award until this year. But the sponsors note that the winner of the award is someone who provides internal management support that is crucial to the profitability and growth of his or her firm, regardless of the title. Whether the winner is a firm administrator, administrative partner, COO, principal or director, he or she must act as a true leader in the firm and affect change.

Morales has done just that. She has "mastered the art of transforming performance into profitability," says **Ken McGill**, managing principal and chief operating executive for TW. Morales directly contributed to

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Head Off Potential Problems With A Strategic HR Audit

HR pros find that a careful HR audit can highlight the need for policy changes in areas such as training, recruiting and retention.

Many people mistakenly believe that an HR audit's sole purpose is to ensure compliance with employment laws and regulations. While an HR audit may focus on compliance, firms often find greater value in a strategic audit, which reviews whether HR policies support the firm's goals.

Every year, employees at **LeMaster & Daniels/Spokane, Wash.** (27 partners, 250 total staff; 11 offices) participate in a "people survey" performed by the **RSM McGladrey Network**. The firm carefully compares results with those of previous years and looks at scores for each office. If results show an area for concern, HR director **Alice Hardin** schedules an HR audit.

Hardin alerts management in that particular office to the need for an audit and schedules meetings with designated personnel. Then she and her assistant interview each person, typing comments into a laptop computer.

All comments are kept confidential. "If you don't keep it anonymous, people will

never be willing to talk to you in the future," Hardin notes.

Based on the concerns identified, Hardin recommends solutions to office management, who must respond with a written action plan and communicate the results to employees. Hardin later follows up to assure that changes have been made.

Angela Blum, HR consulting director for **Sax Macy Fromm & Co./Clifton, N.J.** (18 partners, 95 total staff), regularly performs HR audits for SMF&Co. clients and has provided strategic audits for the firm. For a smaller firm, fewer than 100 employees—Blum may interview a sampling of employees from each staff level. "Include partners because you are serving them, too," Blum notes.

For larger firms or firms in which employees seem hesitant to discuss their concerns, Blum recommends www.zoomerang.com, a Web site that provides the tools needed to create and administer surveys. Fees start at \$50.

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The audit allows a firm to respond swiftly to complaints that employees may not voice. As a result of one HR audit, L&D launched a women's initiative designed to improve retention of women. Another audit explored a communication breakdown in one of its larger offices.

"Our audit showed that some employees felt coworkers in certain service areas were getting more information from management," Hardin says. The office began scheduling regular meetings with all managers as a group. "Now, they're all receiving the same information at the same time," Hardin says.

Another audit showed that employee dissatisfaction stemmed from the structure of staff meetings. "People felt the meetings weren't well-organized, and they didn't get enough information from them," Hardin says. "We recommended using an agenda, taking minutes and distributing those minutes."

Although the audits are time-consuming, "it's a valuable opportunity to find out about issues that you won't learn about unless you ask," Hardin notes. "Just letting people know you're serious about listening to them and making improvements can improve the work environment."

The need for more training, or different kinds of training, is a common finding in an HR audit, says **Lisa Kessler**, director of HR planning and development at **Batelle & Batelle**/Dayton, Ohio (nine partners, 90 total staff).

Many organizations promote good employees to supervisory positions without providing the training they need, Kessler says. In addition, firms may need to learn better ways to recruit and hire.

"We'll hear, 'Why is it so difficult to find people and why do so many people leave?'" Kessler says. "Often, employers need to be trained to conduct interviews that find the right people."

Blum says SMF&Co. made significant changes in training due to an HR audit conducted last year. "We had just implemented our core competencies, or behaviors we expected from our people," says Blum. "The change refocused our job descriptions from task-oriented to results-oriented."

Address Compliance And Strategic Needs

Heed warning signs of HR problems.

A full-fledged HR audit includes a review of compliance issues as well as strategic concerns. However, many CPA firms shy away from the compliance component.

"CPA firms are a hard sell for this service because they're compliance-oriented and usually convinced they're already doing things right," says **Cyndi Mergele**, manager of the workforce solutions group at **Padgett, Stratemann and Co.**/San Antonio (12 partners, 105 total staff).

Although CPA firms generally have a good grasp of compliance issues, most any program can benefit from a comprehensive HR audit.

"Accountants are good researchers and they may be aware of HR laws and compliance needs, but their interpretation may not be correct," says Mergele.

Because employment laws frequently change, differ from state to state and encompass federal, state and local considerations, many firms may find they're following outdated or inapplicable rules.

"We like to say that people don't know what they don't know," says **Lisa**

Kessler, director of HR planning and development at **Batelle & Batelle**/Dayton, Ohio (nine partners, 90 total staff). "We often find clients who have a great deal of surface knowledge, but don't really know what to do with the information."

Mergele lists several prompts for an HR audit:

- high turnover;
- low morale;
- difficulty finding/retaining qualified employees;
- a visit from the Department of Labor or the EEOC;
- employees ask to be paid over time;
- a high unemployment tax rate;
- complaints about harassment or discrimination;
- skyrocketing benefits costs;
- excessive complaints about coworkers;
- low attendance at firm-sponsored social events; time spent on "conduct" issues;
- changes in key personnel;
- a planned merger or acquisition. ■

An HR audit showed that SMF&Co.'s mentoring program needed realignment to emphasize the desired behaviors. The firm retrained mentors to provide guidance based on core competencies, created checklists geared to those goals and started a mentors' forum, which meets twice a year.

In addition, the firm learned, employees wanted more information and guidance on training issues. "Our training program was very ad hoc," Blum explains. "People would choose the training they wanted, and we would OK it without really looking at whether that training supported the firm's goals."

Now, the firm annually provides each employee a list of training geared to that person's level, indicates which courses must be taken and lists the dates for training offered in-house.

Turnover, a perennial concern in public accounting, is a typical focus for HR audits. "When you see high turnover, you have to ask: Are we hiring the right people?" says **Cyndi Mergele**, manager of the workforce solutions group at **Padgett, Stratemann and Co.**/San Antonio (12 partners, 105 total staff).

Mergele says her firm is currently reviewing ways to improve its retention rate, and recruiting is one area for scrutiny. "Like most big firms, we look for a high GPA," Mergele notes. "Yet some of our partners have realized that they would not have qualified for this firm on that basis. We may need to re-examine our recruiting practices."

Whatever approach firms take to an HR audit, they should be guided by one key rule: Don't do it unless you're prepared to act on the results. "If you ask people what they think and then don't respond, you'll create more issues," Blum warns. ■

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