

# National Advisory Standards for the Professional Practice of HR in Australian Universities

## ***Standard: 2.0***

### ***Activity Area: Remuneration, Benefits & Recognition***

This Standard is intended to encompass the development of appropriate Remuneration, benefits and recognition systems that are guided by:

- > Internal and external fairness, and equity
- > The competitive environments within which the university operates
- > Alignment with corporate objectives

to recruit, motivate and retain excellent staff.



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## 1 Definitions of Remuneration, Benefits and Recognition

1.1 **Remuneration** is a general term covering different types of wage and non wage payments and benefits (Yerbury & Karlsson, 1992).

Key financial components, to attract and retain employees, include:

- 1.1.1 Annual salary (as defined by the classification (if any) excluding allowances or additional payments.
- 1.1.2 Allowances
- 1.1.3 Market attraction/retention loadings
- 1.1.4 Discipline or profession loadings

1.2 **Benefits** amounts to assistance that is not always given in money (Yerbury & Karlsson, 1992).

- 1.2.1 Flexible salary packaging
- 1.2.2 Improved research and teaching facilities
- 1.2.3 Physical working environment (offices) and grounds
- 1.2.4 Market based pay
- 1.2.5 Above standard employment conditions (eg maternity leave)
- 1.2.6 (Subsidised) gym membership
- 1.2.7 (Subsidised) car-parking
- 1.2.8 Library membership
- 1.2.9 Study assistance
- 1.2.10 Tuition remission (education costs discounted)
- 1.2.11 Learning and Staff Development opportunities
- 1.2.12 Service Recognition opportunities (time, quality etc)
- 1.2.13 Flexible working hours
- 1.2.14 Ability to undertake paid outside work and commercial activities
- 1.2.15 Offshore teaching remuneration for academic staff.



### 1.3 Recognition (these are available post appointment)

**Employee Recognition and Reward** programs enable the prompt acknowledgement and reward of individuals or groups of employees (who achieve high standards of performance in the workplace)

For example:

- 1.3.1. Attraction and retention loading
- 1.3.2. Overseas Conference leave
- 1.3.3. Responsibility loadings
- 1.3.4. (Accelerated) Salary increments
- 1.3.5. Bonus payments
- 1.3.6. Non - monetary rewards may encompass the following:
  - 1.3.6.1. Certificates / letters of appreciation
  - 1.3.6.2. Celebration functions (e.g. 20 year service)
  - 1.3.6.3. Vice-Chancellor's Outstanding Staff Awards
  - 1.3.6.4. Formal praise or "thank you" in front of others;
  - 1.3.6.5. Short notes or formal acknowledgement (for placement on the personal file) of appreciation;
  - 1.3.6.6. Minor rewards (e.g. movie tickets, area sponsored luncheons);
  - 1.3.6.7. Developmental opportunities (e.g. opportunity to attend "higher level" meetings, attendance at conferences);
  - 1.3.6.8. More autonomy to determine how work completed;
  - 1.3.6.9. Recognition of workload (additional resources, time off once work load subsides without deduction from leave credits).



## 2 Definition of a Standard

- 2.1 A standard is an agreed specification or other criterion used as a rule, guideline, or definition of a level of performance or achievement (AUQA, n.d).
- 2.2 A Standard, according to Standards Australia (2008) *provides, for common and repeated use, rules, guidelines or characteristics for activities or their results, aimed at the achievement of the optimum degree of order in a given context.*

## 3 Preface/Rationale

- 3.1 This Standard has been developed within a Workplace Productivity Programme (WPP) funded project with the premise that the project would support the professional practice of human resources in Australian Universities, and directly impact on the sector's capability to describe and assess better HR practice.
- 3.2 The purpose of this standard is as a national advisory standard for Australian universities. The Standard addresses quality practice in Remuneration, Benefits and Recognition (R, B & R). The Standard, and any self-assessment or audit process, facilitates an integrated approach to the achievement of a University's attraction and retention goals. They identify opportunities for improvement and to implement strategies for their achievement.
- 3.3 A standard is an agreed, repeatable way of undertaking an activity. It is a published document that contains a specification or other criteria designed to be used consistently as a rule, guideline, or definition. Standards help to increase the reliability and the effectiveness of HR activities, and assist in their evaluation or measurement. This HR Standard is designed for voluntary use and does not impose regulation (British Standards Institution, n.d.). The application of the Standard is at the prerogative of each University.
- 3.4 This HR Standard will establish the basis for "what we could expect to see in a University HR activity" for the purposes of quality assessment, performance examination, a demonstration of better human resource practice and for demonstrating to stakeholders that value for money is being achieved. It can also be used for comparative benchmarking purposes.



- 3.5 This Standard:
- 3.5.1 has been developed using subject matter experts
  - 3.5.2 is practical, not rhetorical
  - 3.5.3 has its foundation within the current literature
  - 3.5.4 draws on the UK experience in similar areas (HEFCE, 2005)
  - 3.5.5 incorporates internal consistency
  - 3.5.6 is outcome focused
  - 3.5.7 should be comprehensible to users who have not participated in its preparation.
- 3.6 The Standard should be used as a tool to improve the management and activity of remuneration, benefits and recognition in a University environment, and is designed to be outcome focused. It is not intended to be used as a mandated checklist but rather it can be adapted to different HR environments. It allows each university to modify the final national standard, where necessary, to cater for organisational diversity and to reflect their operating environment.
- 3.7 The Standard describes *evidence requirements* which indicate the type of objective evidence that an auditor/examiner would expect to find to demonstrate that a criterion is being addressed. The extent of evidence provided should be commensurate with the issue being managed and the strategy being used. (Natural Resources Commission, 2005)



- 3.8 The Standard is applicable to any Australian University that wishes to:
- 3.8.1 Develop and implement remuneration, benefits and recognition strategies in an efficient, effective and economic manner
  - 3.8.2 Address consistency and comparability with other Universities
  - 3.8.3 Assure itself that it is using quality processes
  - 3.8.4 Demonstrate such conformance to others, or
  - 3.8.5 Make a self-assessment of conformance with the Standard.
- 3.9 The structure of a Standard relies on the following framework (Victorian Auditor-General, 2008; Auditor-General of Queensland, 2007; and HEFCE, 2005):
- 3.9.1 **Inputs:** the human, physical and financial resources used and the time required to produce the outputs. Inputs are what the process or activity uses.
  - 3.9.2 **Processes:** the activities that generate the products and services that constitute the outputs; the actions or processes applied to convert resources into a product or service.
  - 3.9.3 **Outputs:** the deliverables – goods and services – produced to achieve the outcomes being sought.
  - 3.9.4 **Outcomes:** the results or consequences of the actions or outputs. Outcomes may be short, intermediate or long term.
  - 3.9.5 **Risks:** “...the possibility of something happening that impacts on organisational objectives” (AS/NZS 4360:2004)

For each proposed standard, an ‘Internal Consistency’ check has been undertaken to identify that:

- a. each Outcome is supported by an Output
- b. each Output has a supporting Process or Input (or both)
- c. Inputs and processes are linked to Outputs.



## 4 Objectives of this Standard

### Strategic Objectives:

- (i) To ensure that remuneration, benefits and recognition complement the University's strategic objectives.
- (ii) To ensure that remuneration, benefits and recognition systems attract and retain employees of the appropriate skills, knowledge and experience, and motivates them to achieve organisational objectives. (adapted from IIARF – Dolenko, 1990 ; ANAO, 2002)
- (iii) To ensure that managers and HR staff value the remuneration, benefits and recognition systems.
- (iv) To ensure the University's remuneration, benefits and recognition systems promote and reinforce a commitment to equity.

### Operational Objectives:

- (v) To ensure that staff are aware of, understand and value, the remuneration, benefits and recognition systems.
- (vi) To ensure that the remuneration, benefits and recognition systems acknowledge the contribution of both individual employees and groups (adapted from Stellenbosch, n.d.)
- (vii) To ensure that the remuneration, benefits and recognition systems offer the University the necessary flexibility to remain competitive in the employment market.
- (viii) To ensure that the remuneration, benefits and recognition components comply with organisational policy, relevant codes of practice, taxation law and industrial awards and agreements.





## 5 Inputs Criteria

**Inputs:** the human, physical and financial resources used and the time required to produce the outputs. Inputs are what the process or activity uses.

	<b>Inputs Criteria</b>	<b>Sources of evidence</b> Where to review the application of the particular criterion	<b>Indicators of success</b> The range of performance which demonstrates good HR practice	
IP 1	HR staff are competent in providing advice and support on remuneration, recognition and benefits (adapted from HEFCE, 2005)	<ul style="list-style-type: none"> <li>&gt; Survey of managers and staff</li> <li>&gt; Survey of HR staff</li> <li>&gt; Review learning &amp; development plans for HR staff</li> <li>&gt; Review qualifications and/or relevant experience of HR staff</li> </ul>	<ul style="list-style-type: none"> <li>&gt; A performance standard established by the University</li> </ul>	>
IP 2	HR staff are competent in job evaluation (adapted from HEFCE, 2005)	<ul style="list-style-type: none"> <li>&gt; Survey of managers and staff</li> <li>&gt; Survey of HR staff</li> <li>&gt; Review learning &amp; development plans for HR staff</li> <li>&gt; Review qualifications and/or relevant experience of HR staff</li> <li>&gt; Monitoring and review of job evaluation outcomes for consistency and parity</li> <li>&gt; Staff trained in the use of the University's job evaluation tool</li> </ul>	<ul style="list-style-type: none"> <li>&gt; A performance standard established by the University</li> </ul>	>



	<b>Inputs Criteria</b>	<b>Sources of evidence</b> Where to review the application of the particular criterion	<b>Indicators of success</b> The range of performance which demonstrates good HR practice	
IP 3	HR staff and managers are competent in equity issues. (adapted from HEFCE, 2005)	<ul style="list-style-type: none"><li>&gt; Survey of managers and staff</li><li>&gt; Survey of HR staff</li><li>&gt; Review qualifications and/or relevant experience of HR staff</li></ul>	<ul style="list-style-type: none"><li>&gt; A performance standard established by the University</li></ul>	>
IP 4	R,B & R policies include an equity perspective	<ul style="list-style-type: none"><li>&gt; Involvement of Equity unit in remuneration policies (sign off)</li></ul>	<ul style="list-style-type: none"><li>&gt; A performance standard established by the University</li></ul>	>
IP 5	There is a documented remuneration, benefits and recognition policy and plan	<ul style="list-style-type: none"><li>&gt; Identify the policy and plan</li></ul>	<ul style="list-style-type: none"><li>&gt; Is it current?</li><li>&gt; Who is responsible?</li><li>&gt; A performance standard established by the University</li></ul>	>



## 6 Processes Criteria

**Processes:** the activities that generate the products and services that constitute the outputs; the actions or processes applied to convert resources into a product or service.

	<b>Processes Criteria</b>	<b>Sources of evidence</b> Where to review the application of the particular criterion	<b>Indicators of success</b> The range of performance which demonstrates good HR practice	
PR 1	Regular employment market reviews are undertaken on remuneration, recognition and benefits. (adapted from HEFCE, 2005)	<ul style="list-style-type: none"> <li>&gt; Identify that there are employment market and/or industry reviews</li> <li>&gt; Are they reviewed?</li> <li>&gt; Are they conducted regularly?</li> <li>&gt; Is there evidence that there is an Action Plan from the Review?</li> <li>&gt; Participation in appropriate benchmarking exercise</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Evidence which demonstrates that the review has been conducted.</li> </ul>	>
PR 2	Regular reports are produced on remuneration and benefits strategies directed towards 'hard-to-fill' positions.	<ul style="list-style-type: none"> <li>&gt; Review these reports</li> <li>&gt; Are they produced regularly?</li> <li>&gt; Are they reviewed?</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Evidence which demonstrates that the reports are produced.</li> </ul>	>
PR 3	An equal pay review has been conducted within the last five years (HEFCE, 2005)	<ul style="list-style-type: none"> <li>&gt; Identify that this review has been conducted and reviewed</li> <li>&gt; Strategy to address issues raised in review is developed and implemented</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Evidence which demonstrates that the review has been conducted.</li> </ul>	>



	<b>Processes Criteria</b>	<b>Sources of evidence</b> Where to review the application of the particular criterion	<b>Indicators of success</b> The range of performance which demonstrates good HR practice	
PR 4	Job evaluation occurs for all new and significantly changed positions (where pay is tied to position).	> Sample a range of new and significantly changed positions to identify that they have been subject to job evaluation	> 100% compliance with the standard criterion in the sample.	>
PR 5	The performance of the remuneration, recognition and benefits systems are regularly reviewed (adapted from ANAO, 2002)	> Identify the review > Identify the regularity > Is the review evaluated?	> There is a review.	>
PR 6	There is a process to facilitate staff awareness and understanding of the remuneration, recognition and benefits systems. (adapted from UWC, 2008)	> Identify that there is a process > Review the linkages between the process and the objectives > Staff survey.	> There is a process.	>
PR 7	Recognition should also be provided outside the annual performance cycle.	> Review what evidence is available of the provision of 'recognition' (as defined) > Staff survey > Focus groups	> Performance standard established by the University	>



	<b>Processes Criteria</b>	<b>Sources of evidence</b> Where to review the application of the particular criterion	<b>Indicators of success</b> The range of performance which demonstrates good HR practice	
PR 8	Exit data is reviewed to identify the extent to which remuneration, recognition and benefits have influenced employee-initiated separation levels (adapted from ANAO, 2002)	<ul style="list-style-type: none"> <li>&gt; Conduct exit survey</li> <li>&gt; Review exit data</li> <li>&gt; Action plan/strategy developed to ensure significant issues are addressed or further explored</li> </ul>	<ul style="list-style-type: none"> <li>&gt; A performance standard established by the University</li> </ul>	>
PR 9	Changes in remuneration and benefits are documented correctly and approved by those with delegated authority (adapted from IIARF – Dolenko, 1990)	<ul style="list-style-type: none"> <li>&gt; Identify if there is a documented process for approving changes to remuneration and benefits</li> <li>&gt; Sample changes to review adherence to the documented process</li> </ul>	<ul style="list-style-type: none"> <li>&gt; There is a documented process</li> <li>&gt; 100% compliance in the sample</li> </ul>	>
PR 10	Payroll transactions and any required corrections are timely and accurate	<ul style="list-style-type: none"> <li>&gt; Review sample of pay runs and pay adjustments (eg under pay, over pay, higher duties, timeliness).</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Majority or unanimous compliance or organisational specific</li> <li>&gt; Benchmark of industry error rates that are considered acceptable</li> </ul>	>
PR 11	The recognition systems identify high performers	<ul style="list-style-type: none"> <li>&gt; Policy on reward and support systems to recognise talent</li> <li>&gt; Review the provision of 'recognition' to identify if it is directed to high performers.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; A performance standard established by the University</li> </ul>	>



## 7 Outputs Criteria

**Outputs:** the deliverables – goods and services – produced to achieve the outcomes being sought.

	<b>Outputs Criteria</b>	<b>Sources of evidence</b> Where to review the application of the particular criterion	<b>Indicators of success</b> The range of performance which demonstrates good HR practice	
OP 1	There is a clear link between remuneration, recognition and benefits and strategic objectives	<ul style="list-style-type: none"> <li>&gt; Identify if relevant documentation and policies make the link clear.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; A performance standard established by the University</li> </ul>	>
OP 2	The University has a remuneration and benefits strategy which takes into account market forces, internal relativities, organisational goals, and the organisation's capacity to pay (ANAO, 2002; IIARF – Vito, 2007)	<ul style="list-style-type: none"> <li>&gt; Confirm the existence of the strategy</li> <li>&gt; Conduct regular reviews to ensure strategies consider current markets, assess internal relativities and organisation's capacity to pay.</li> <li>&gt; Review the most recent Workplace Agreement to ensure this supports these strategies.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; A performance standard established by the University</li> </ul>	>



	<b>Outputs Criteria</b>	<b>Sources of evidence</b> Where to review the application of the particular criterion	<b>Indicators of success</b> The range of performance which demonstrates good HR practice	
OP 3	New and significantly changed positions are correctly classified.	<ul style="list-style-type: none"><li>&gt; Review the job evaluation process to identify its rigour and validation</li><li>&gt; Sample recent new and changed positions to identify if they have been evaluated and the evaluation has been validated</li></ul>	<ul style="list-style-type: none"><li>&gt; 100% result for compliance with criterion</li></ul>	>
OP 4	Individuals or groups are appropriately recognised for high achievement.	<ul style="list-style-type: none"><li>&gt; Review the provision of 'recognition' to identify if it is directed to high performers.</li><li>&gt; Clear policy on reward and support systems to recognise talent</li></ul>	<ul style="list-style-type: none"><li>&gt; A performance standard established by the University</li></ul>	>
OP 5	Information and analysis of discrepancies on equal pay and a plan for addressing these (HEFCE, 2005)	<ul style="list-style-type: none"><li>&gt; Identify that an equal pay review has been conducted in the last 5 years, and that there is a plan to address equal pay discrepancies.</li></ul>	<ul style="list-style-type: none"><li>&gt; Evidence which demonstrates that the review has been conducted</li></ul>	>



## 8 Outcomes

**Outcomes:** the results or consequences of the actions or outputs. Outcomes may be short, intermediate or long term.

	<b>Outcomes</b>	<b>Sources of evidence</b> Where to review the application of the particular criterion	<b>Indicators of success</b> The range of performance which demonstrates good HR practice;	
OC 1	Remuneration, benefits and recognition complement the University's strategic objectives	<ul style="list-style-type: none"> <li>&gt; Identify if relevant documentation and policies make the link clear.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; A performance standard established by the University</li> </ul>	>
OC 2	Remuneration, benefits and recognition systems attracted and retained employees with the appropriate skills, knowledge and experience, and motivated them to achieve organisational objectives. (adapted from IIARF – Dolenko, 1990; ANAO, 2002)	<ul style="list-style-type: none"> <li>&gt; Review available data from attraction and recruitment on filled and unfilled vacancies</li> <li>&gt; Review exit data for mention of remuneration, benefits or recognition as reasons for voluntary cessation</li> <li>&gt; Attrition rate; unfilled vacancies; time to fill positions; requests for reclassification; number of market loadings; number of other loadings; reason for leaving on exit surveys; comparison of rates with sector and comparable areas</li> </ul>	<ul style="list-style-type: none"> <li>&gt; A performance standard established by the University</li> <li>&gt; Use of benchmarks</li> </ul>	>





	<b>Outcomes</b>	<b>Sources of evidence</b> Where to review the application of the particular criterion	<b>Indicators of success</b> The range of performance which demonstrates good HR practice;	
OC 3	Managers were aware of, understood and valued the remuneration, benefits and recognition systems.	<ul style="list-style-type: none"><li>&gt; Survey of managers</li><li>&gt; Survey of HR staff</li><li>&gt; Focus groups</li></ul>	<ul style="list-style-type: none"><li>&gt; Majority satisfaction</li></ul>	>
OC 4	The University's remuneration, benefits and recognition systems promoted and reinforced the commitment to equity, and had no direct or indirect bias which disadvantaged particular groups.	<ul style="list-style-type: none"><li>&gt; Identify that the associated policy and systems reinforce the commitment to equity</li><li>&gt; Review equity complaints to identify extent of issue re remuneration</li><li>&gt; Pay rate comparisons by gender and other diversity groups (overall pay not just EB rate for each level i.e. include loadings etc)</li><li>&gt; Use of known benefits that promote equity access: flexible hours, access to child care.</li></ul>	<ul style="list-style-type: none"><li>&gt; A performance standard established by the University</li><li>&gt; Use of benchmarks</li></ul>	



	<b>Outcomes</b>	<b>Sources of evidence</b> Where to review the application of the particular criterion	<b>Indicators of success</b> The range of performance which demonstrates good HR practice;	
OC 5	Staff were aware of, understood and valued, the remuneration, benefits and recognition systems.	<ul style="list-style-type: none"> <li>&gt; Survey of staff</li> <li>&gt; Focus groups</li> </ul>	<ul style="list-style-type: none"> <li>&gt; A performance standard established by the University</li> </ul>	>
OC 6	The remuneration, benefits and recognition systems acknowledged the contribution of both individual employees and groups (adapted from Stellenbosch, n.d.)	<ul style="list-style-type: none"> <li>&gt; Review R,B &amp;R policy and associated guidelines</li> <li>&gt; Staff survey</li> </ul>	<ul style="list-style-type: none"> <li>&gt; A performance standard established by the University</li> <li>&gt; Use of benchmarks</li> </ul>	>
OC 7	The remuneration, benefits and recognition systems offered the University the necessary flexibility to remain competitive in the employment market.	<ul style="list-style-type: none"> <li>&gt; Identify that there is a policy and associated guidelines which demonstrate a flexible approach to remuneration, benefits and recognition</li> </ul>	<ul style="list-style-type: none"> <li>&gt; A performance standard established by the University</li> <li>&gt; Use of benchmarks</li> </ul>	>
OC 8	The remuneration, benefits and recognition components complied with organisational policy, relevant codes of practice, taxation law and industrial awards and agreements.	<ul style="list-style-type: none"> <li>&gt; Review the extent of compliance</li> <li>&gt; Number of staff disputes; number of grievances; formal complaints to industrial bodies; results of internal audits.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; A performance standard established by the University</li> <li>&gt; Use of benchmarks</li> </ul>	>



## 9 Risk Criteria

The use of this Standard assists the University to avoid or effectively manage risks associated with:

- Failure to attract and retain quality staff
- Ad hoc changes to remuneration and benefits which are not in accordance with relevant strategies
- Staff turnover from dissatisfaction with remuneration or benefits
- Difficulties in attraction and retention
- Difficulties in justifying remuneration changes in the event of grievances
- Failing to meet competitive remuneration, recognition or benefits standards.
- A high level of applications for market loadings, responsibility allowances, and reclassification requests.
- Industrial tribunal or legal cases arising from the University's remuneration, recognition or benefits systems.
- Inequitable remuneration structure
- Loss of critical skills through employee-initiated separation
- Lower staff morale
- Negative media publicity associated with the University's remuneration, recognition or benefits systems.
- Not meeting relevant compliance standards.
- Payroll rage (angry staff arising from payroll complications)
- Reduced collaborative behaviour
- Remuneration is not appropriate to responsibilities or performance
- Staff grievances
- Staff, managers and supervisors not being aware of flexible remuneration and benefits.



## **10 Date of Application**

## **11 Review Date**

## **12 Contributors**

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University of New England  
University of the Sunshine Coast  
University of Western Australia  
Victoria University

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## 14 Standards Project Definitions

### **Accountability**

A personal obligation, liability, or answerability to others for actions carried out and performance achieved; responsibility (CCH Macquarie Dictionary of Employment and Industrial Relations 1992).

### **Assessment**

To *officially* estimate the value of something (Concise Macquarie).

### **Assurance**

An objective *examination* of evidence for the purpose of providing an independent assessment on risk management, control, or governance processes for the organisation. Examples may include financial, performance, compliance, system security, and due diligence engagements (Institute of Internal Auditors).

### **Attestation**

One type of assurance service in which public accountants (or other professionals) issue a written communication that expresses a conclusion about the reliability of a written assertion of another party. To qualify as an attestation service, the engagement must involve written assertions on some accountability matter (Arens, Best, Shailer, Fielder, & Loebbeche, 2002).

### **Audit**

An official *examination* and verification of records. (Concise Macquarie Dictionary).

A systematic analysis, appraisal, testing and verification of the legality, fidelity and efficiency or feasibility of proposed or completed procedures, operations, transactions, expenditures and the official records of them (CCH Macquarie Dictionary of Employment and Industrial Relations 1992).

### **Auditing**

The accumulation and evaluation of evidence about information to determine and report on the degree of correspondence between the information and established criteria (Arens et al, 2002).



### **Audit Report**

The communication of findings to users (Arens et al, 2002).

### **Benchmarking**

Benchmarking is the formal and structured process of searching for those practices which lead to excellent performance, the observation and exchange of information about them, their adaptation to meet the needs of one's own organisation, and the implementation of the amended practice. (Meade, 1998), (AUQA: n.d.)

### **Capability**

Capability is a broader concept than that of competence. Capability embraces competence but is also forward-looking, concerned with the realization of potential. Capability includes but goes beyond the achievement of competence in present day situations to imagining the future and contributing to making it happen. Capability is an integration of knowledge, skills, personal qualities and understanding used appropriately and effectively - not just in familiar and highly focused specialist contexts but in response to new and changing circumstances. (Dolan, n.d.)

### **Certification**

Official recognition that a specified status has been achieved, or that certain privilege(s) may be exercised. The same as licensing (qv). (AUQA: n.d.)

### **Competency**

The specific knowledge, skills, abilities and behaviour applied within an occupation or industry to the standard required in employment. (University of South Australia, n.d.)

The integrated application of knowledge, skills, values, experience, contacts, external knowledge resources and tools to solve a problem, to perform an activity, or to handle a situation. (Sitthisak, Gilbert and Davis, 2007).

### **Criteria**

A standard of judgement; an established rule or principle for testing (Concise Macquarie).



### **Economic**

Expenditure is *economic* if it achieves the desired objective at least cost. (Leibenstein, cited in Craven and McNulty 1994, p.4.)

### **Effectiveness**

A process is effective if its outcomes match the stated goals. Effectiveness is often seen as an aspect of quality (qv). (AUQA: n.d.).

Expenditure is *effective* if it achieves its objectives without taking account of cost. (Leibenstein, cited in Craven and McNulty 1994, p.4.)

### **Efficient**

Efficiency refers to the cost in relation to the outcomes achieved. It is rarely possible to describe it in absolute terms. One process is more efficient than another if it achieves the same outcomes at a lower cost (AUQA: n.d.)

Expenditure is *efficient* if it gives the highest Net Present Value (NPV) when other uses of the funds are considered. (Leibenstein, cited in Craven and McNulty 1994, p.4.)

### **Equity**

Equity refers to: the quality of being fair and just; fairness (Macquarie Dictionary of Employment & IR: 1992). Equity is considered within a context – eg: equal access; equal treatment; equal opportunity; equal pay; equal worth. In the context of developing HR standards for specific activities there is a need to examine each of the proposed standards against equity considerations.

*Example:* Workforce planning – care must be taken to ensure that the workforce profile selected for a future time period is not based on direct or indirect criteria that might result in gender discrimination.

### **Evaluation**

To ascertain the value or amount of; to appraise carefully. (Concise Macquarie)

The systematic investigation of worth or merit. Criteria must be specified for determining 'worth' or 'merit'. 'Evaluation' is sometimes used as a neutral term. (Adapted from AUQA: n.d.)



### **Evidence**

Proof; grounds for belief; that which tends to prove or disprove something. (Concise Macquarie)

Any information used by the auditor to determine whether the information being audited is stated in accordance with established criteria (Arens et al, 2002).

### **Evidenced Based**

The conscious, explicit and judicious use of the best and current evidence in making decisions. It means integrating experience with the best available external evidence taken from systematic research. Evidence based decision making requires efficient literature-searching skills and the application of rules of evidence and logic in evaluating the research (Sackett, Rosenberg, Muir Gray, Haynes, & Richardson, 1996).

### **Examination**

To inspect or scrutinise carefully; to interrogate; to test the knowledge, reactions or qualifications. (Concise Macquarie)

### **Human Resource Audit**

An audit undertaken of human resource management, or within an aspect of human resource management. (Andrews, 2007)

### **Human Resource Performance Audit**

A performance audit of human resource management, or an aspect of human resource management, to determine its effectiveness, and/or efficiency and/or economy (Andrews, 2007).

### **Inputs**

The human, physical and financial resources used and the time required to produce the outputs. Inputs are what the process or activity uses. (Audit Office of New South Wales, 2000; Local Government Best Value Commission, n.d.)

### **KPI: key performance indicators**

A performance indicator deemed particularly important or significant.





### **Measure**

The act or process of ascertaining the extent, dimensions, quantity etc of something especially by comparison with a standard\*; (Concise Macquarie)  
In relation to a *standard* this view of the meaning of *measure* would presume the standard has a quantitative dimension.

### **Management Assurance**

A level of assurance provided by Management alone.

Management assurance requires qualified independent validation in order to raise its perceived value to the level of independent assurance (eg audit).

### **Measurement**

The act of measuring. (Concise Macquarie)

### **Outcome**

The results or consequences of the actions or outputs. Outcomes may be short, intermediate, or long term. (The Audit Office of New South Wales, 2000).

### **Outputs**

The deliverables – goods and services – produced to achieve the outcomes being sought. (Queensland Government Treasury, 2003).

### **Output measures**

Demonstrate the contribution made by the output to the achievement of strategic goals and outcomes. Output measures are often:

- Cost: how much does the process or service cost to deliver?
- Time – whether outputs are delivered in a timely manner
- Quality – how good the output is. (Auditor General of Queensland, 2007)



### **Opinion**

Judgement or belief resting on grounds insufficient to express certainty; a formal or professional judgement expressed; a personal view, attitude or estimation. (Concise Macquarie)

Note: Types of opinion: unqualified, qualified, adverse and disclaimer (ie insufficient competent evidence), (Siegal & Shim 2000)

### **Performance Indicator**

A representation - numeric or otherwise - of the state of, or outcomes from, an organisation, or any of its parts or processes.

Performance indicators should be subject to informed interpretation and judgement; for example, by such assessment groups as audit panels. They are sometimes called management indicators, to suggest their purpose rather than their source. Organisational performance measures that have been developed independently tend to be weakly correlated with one another. To avoid this, they should be developed in an integrated fashion, with a common direction. (AUQA, n.d.)

### **Processes**

The activities that generate the products and services that constitute the outputs. The actions or processes applied to convert resources into a product or service. (Department of Finance and Administration, 2000).

### **Proof**

Evidence sufficient to establish a thing is true, or to produce belief in its truth (Concise Macquarie).

### **Quality**

Fitness for purpose, where 'purpose' is to be interpreted broadly, to include mission, goals, objectives, specifications, and so on. This is an inclusive definition, as every organisation or activity has a purpose, even if it is not always precisely stated. Fitness for purpose' means both that an organisation has procedures in place that are appropriate for the specified purposes, and that there is evidence to show that these procedures are in fact achieving the specified purposes.

Some people criticise this definition for ignoring 'fitness of purpose', but this misses the point. Fitness of purpose must be considered at the time that objectives are defined; quality is then a matter of achieving these objectives.

Using this definition, achieving quality in education involves two steps. The first step is for institutions to set objectives that embody what is expected and required by students, employers, legislation and statutes, in addition to responding to broader issues, such as the demands arising from the characteristic nature of academic



activity and the rapid development of knowledge. The second step is for the institution to ensure that it attains its objectives. Quality is related to standards if the objectives include explicit specification of levels of attainment. (AUQA, n.d.)

### **Quality Audit**

'Quality audit' is defined as 'a systematic and independent examination to determine whether activities and related results comply with planned arrangements and whether these arrangements are implemented effectively and are suitable to achieve objectives' (Standards Australia & Standards New Zealand Joint Technical Committee QR/7 1994). This definition has been adopted by AUQA as the foundation of its approach to audit (AUQA, n.d.).

A 'quality audit' must be distinguished from an 'audit' conducted by a qualified auditor operating under a professional audit framework and within the Australian Auditing Standards.

### **Review**

An institution (or any part thereof) may be reviewed for any purpose, and the term 'review' can embrace a checking mechanism, whether it be assessment, audit or accreditation, internal or external, and so on. Care must be taken when using the term to differentiate the activity from a professional audit (AUQA, n.d.).

### **Risk**

*Risk* is the likelihood that some peril may actually occur to produce a loss, that is, risk is the degree to which an organization is exposed to the loss of its resources.

A risk is defined by the Australia/New Zealand Standard for Risk Management (AS/NZS 4360:2004) as

*"...the possibility of something happening that impacts on organisational objectives. It is the chance to either make a gain or a loss. It is measured in terms of likelihood and consequence."*

Risk is anything that threatens or limits the ability of a project to achieve its goal, objectives, or the production of project deliverables.

### **Risk Management**

The Australian / New Zealand Risk Management Standard, AS/NZS 4360: defines risk management as: *"the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects"*.

Risk management is a process of thinking systematically about all possible undesirable outcomes before they happen and setting up procedures that will avoid them, minimise or cope with their impact.



Risk management involves establishing an appropriate risk management infrastructure and culture, and applying logical and systematic risk management processes to all stages in the life cycle of any activity, function or operation that includes risk. By minimising losses and maximising gains, risk management enables the University to best meet its organisational objectives.

### **Self-audit**

An oxymoron; the correct term is self-assessment (or self-review or self-evaluation). Audit, by its very nature, cannot be 'self', as it lacks independence.

### **Self-review**

Self-review can be an ongoing process that is built into all activities in a sense of continuous improvement; it might be an ongoing process that leads to a report to the governing body for confirmation or redirection; it might be a long event that leads to major change; it might be a brief event that provides a snapshot for comparison with an earlier snapshot; and so on. (AUQA Audit Manual, Version 3.0, section 2.4.2). May also be called self-evaluation but never self-audit (Andrews, 2007).

### **Standard**

Anything taken by general consent as a basis of comparison; an approved model; a level of quality which is regarded as normal, adequate or acceptable (Concise Macquarie).

A norm or model adopted by general consent as a basis for comparison eg against which to measure individual or organisational achievements or procedures, or as a target to be aimed at (CCH Macquarie Dictionary of Employment and Industrial Relations 1992).

A standard is an agreed specification or other criterion used as a rule, guideline, or definition of a level of performance or achievement. One function of standards is to measure the criteria by which quality may be judged. Although standards are necessary, they are difficult to determine (AUQA, n.d ).

The term 'standard' is also often used to refer to:

- Factors for evaluating performance
- Normative characteristics
- Best practice exemplars.

Quality is related to standards if the objectives include explicit specification of levels of attainment. (AUQA, n.d.)



## **Standards Project for University Human Resources (Aust)**

These standards should reflect what we 'would expect to see' at a university human resource function in Australia. (NB: A university or group of universities may also have organisational specific or group HR standards).

### **Validation**

The independent checking of a process. The term is sometimes used to denote the accreditation of a program (as distinct from a whole institution) (AUQA, n.d ).

### **Value**

Estimated or assigned worth (Concise Macquarie).

### **Value for Money**

Auditors and economists (at least in the public sector) consider an activity to be worthwhile if it gives 'value for money'. This means that an activity must be *effective, economic and efficient* (the three Es).

Note:

- a) Expenditure is *effective* if it achieves its objectives without taking account of cost,
- b) Expenditure is *economic* if it achieves the desired objective at least cost, and
- c) Expenditure is *efficient* if it gives the highest Net Present Value (NPV) when other uses of the funds are considered. (Leibenstein, cited in Craven and McNulty 1994, p.4.)
- d) While equity would normally be considered as a sub-set of the specification of effectiveness it may also be useful to explicitly add equity as a criteria for reference. This changes the value-for-money criteria to *effectiveness, efficiency, economy and equity (the four E's)*.

### **Verify**

To prove something to be true by evidence or testimony. (Concise Macquarie)

### **Verification**

The act of verifying. (Concise Macquarie)



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