

# AUDITING TRAINING AND DEVELOPMENT

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## Introduction

There are many reasons for engaging in evaluating training and development (T&D). One reason would be to keep a complete, accurate, and detailed account of the satisfaction, learning, and performance resulting from every T&D programme[1]. This is typically the view of the evaluation expert who sees evaluation as central to the T&D process. This view usually is expensive in terms of time and money.

One explanation for the lack of formal evaluation in T&D departments may be the high price that professionals must pay to live up to an evaluation ideal that compels T&D managers to evaluate all cases on all dimensions[2]. This ideal, detailed and comprehensive view of evaluation has its place, but it is not the only reasonable perspective on T&D evaluation. Practices in the accounting profession provide an excellent opportunity to examine an alternative. Accountants are known to be meticulous when it comes to recording every minute expenditure of an organisation. Yet, one of the most common roles in which accountants engage is auditing, a method of sampling financial records. Auditing is a process that produces an official accounting and verification, most often conducted by third party evaluators. Furthermore, auditing typically relies on samples of information that are critical to the organisation and its decision makers.

An auditing of T&D departments and/or programmes provides an evaluation without incurring the high expenses of traditional evaluation. It also provides an unbiased third-party view which helps managers make reasonable decisions regarding how, who, when, where, and how much T&D contributes to the organisation. The T&D audit presented here is a third-party evaluation that is based on critical questions and samples of information that fall into five categories.

1. *Compliance*: Where does T&D satisfy the knowledge and skills required within the organisation?
2. *Process*: Is T&D effective in applying commonly accepted, professional practices to accomplish its work?
3. *Operations/Financial*: Is T&D efficient in its operation, as well as its use of human, capital, and financial resources?
4. *Trainees*: Does T&D achieve its objectives in terms of trainee satisfaction, learning, and performance?
5. *Business Results*: Does T&D produce economic and social gains for the organisation, and if so, what are the cost-benefits on the T&D investment?

## Audit Categories

The following sections provide explanations and examples for each of the five T&D audit categories and Figure 1 shows the relationships between audit

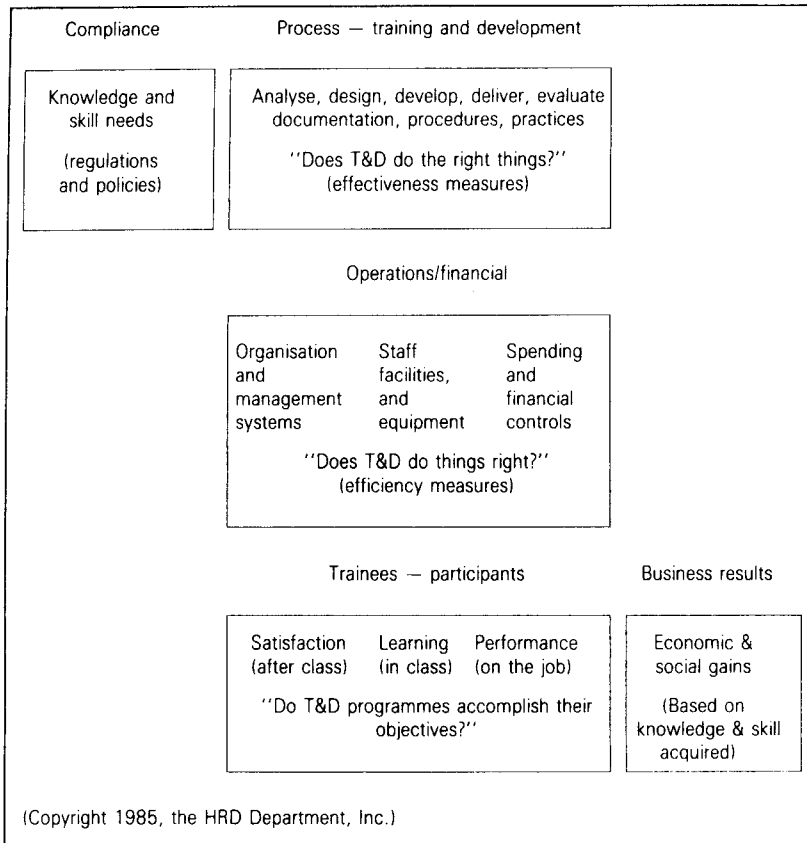
categories. Also, the diagram graphically portrays the general format of the audit. Typically, the audit is conducted in an organisation by taking samples in each category.

### Compliance Audit

The purpose of the *Compliance Audit* is to determine what operating requirements, policies, rules, regulations, or industry norms apply to employee knowledge and skills. Policies and regulations can be examined at industry, company, and department levels. Sampling is conducted to determine whether employees possess required knowledge and skills, especially where primary corporate objectives and regulations apply.

Why? Because every company has skill needs based on its business plans, the status of its work force and the requirements it must meet from external agencies such as the government. When skills are lacking, the company must either acquire them by hiring new people, or build them by training existing employees. Skill building is the traditional role of the T&D professional. But how well can or does T&D satisfy these needs?

The Compliance Audit examines needs by referencing the organisation's plans and policies rather than its existing T&D programmes. The Compliance Audit looks for critical areas where employee development should be instituted or enhanced. The emphasis is on locating areas of risk or liability in the organisation, where employee knowledge and skills are an absolute must.



**Figure 1.**  
Training and Development Audit

### Examples

- An organisation has policies about how candidates are screened and selected for employment. Certain criteria must be met such as asking legally defensible interviewing questions and meeting affirmative action goals. The audit reviews personnel hiring records and employment litigation to determine if managers have the skills to follow selection and hiring policies.
- The local fire marshal requires an organisation to inform employees about proper evacuation procedures. The audit chooses a fair sample of employees to determine if they know how to leave the building in a safe and orderly manner.
- Government regulations require an organisation to train employees in the proper handling of hazardous materials. The audit scans safety training records to determine if employees have received both initial and updated training on the hazardous materials they use on a regular basis.
- A T&D department requires supervisors to submit a critique of employee performance after subordinates attend a training programme. The audit compares returned critiques against the number of attendees.

### Process Audit

The purpose of the *Process Audit* is to evaluate the framework used to implement programmes and services. Factors such as project management steps, quality control methods, and reporting procedures are reviewed.

Why? Effective T&D usually follows some routine procedures to produce programmes and provide ser-

vices. Process steps and controls are used to specify who is to do what and when. Examining these processes highlights critical activities which affect the probability of success when training.

The audit looks for procedures which ensure that the correct tasks are performed in the appropriate order. Existing procedures are compared to commonly-accepted professional practice. The audit format most often used for evaluating T&D processes is[3]:

- analyse,
- design,
- develop,
- deliver,
- evaluate.

### Examples

- A T&D department often receives requests from line managers to develop specific skill building programmes. The audit examines the nature of requests and how the department responds. The presence of discrete analysis practices is checked to determine whether training and non-training factors were identified. The use of general and problem-specific analysis procedures is examined.
- An organisation produces customised media programmes for organisation-specific topics. The audit looks at design practices and documentation to assess if learning variables and instructional sequencing were analysed and the media selected.
- In an organisation, many subject matter experts deliver certain highly technical programmes. The audit reviews how instructional materials are assembled and presented. Factors such as how trainers prepare materials for experts and how experts present complex subjects are examined.

### Operations/Financial Audit

The purpose of the *Operations Audit* is to determine how efficiently T&D activities are planned and executed. Efficiency is calculated by comparing work output with available and allocated resources. Resource categories include staff, facilities, materials, and equipment. Emphasis is placed on how T&D is implemented, not on the programme.

The operations audit compares results produced with the level of resources applied. A systems approach is used to explore how management accomplishes its objectives across several dimensions such as supervision, work planning and controls, reward systems, continuity of operations, and response times.

### Example

- A personnel department engages in numerous T&D projects and administers a broad range of programmes. The audit checks for planning and control systems that are used to guide and coordinate multiple activities. Monitoring and follow-up procedures are also reviewed.

The purpose of the *Financial Audit* is to determine how allocated resources (funds, staff time, facilities, materials and equipment) are consumed by T&D. The Financial Audit examines financial planning, reporting and control procedures. In addition, the audit reviews how spending decisions are made. Also, it examines purchasing patterns by line item and by programme.

Why? Attention that is focused on the financial activities of business offers many useful indicators of performance. Cost control is a major issue for most organisations, especially the costs linked to overheads. The general value of activities, such as T&D, then can be measured in meaningful terms.

#### Example

- Each year employees submit budget requests for projects to be developed and implemented in the following year. Expenditure amounts on each budget are identified and justified. The audit looks at planned versus actual T&D spending. It reviews direct and indirect expenditure for T&D projects to estimate true costs. The audit also reviews the timing of expenditures, especially toward the end of each fiscal year.

#### Trainees' Audit

The purpose of the *Trainees' Audit* is to assess how well T&D programmes and services achieve objectives. Here, the audit compares programme and service outputs with their stated objectives. Only existing T&D activities are reviewed. Auditing in this area is intended to be neither a needs assessment nor a means to determine if an activity is warranted. Rather, this audit checks the effects of a programme or service has on its clients.

The Trainees' Audit is accomplished by sampling data that measures satisfaction, learning and performance. Five groups can offer input — trainees, their peers, their supervisors, their subordinates and their customers. Evaluation information comes from data-gathering methods such as skill demonstrations, questionnaires, group and individual interviews, observations and records analysis.

#### Examples

- Each T&D session concludes with participants completing a programme evaluation form. Leaders summarise the data and periodically report results. The audit samples evaluation sheets to search for response patterns and then interviews previous trainees to confirm findings.
- In an organisation, career counselling services are offered. Employees can obtain advice about developmental programmes and about how to make career decisions. The audit samples employees to determine the long-term effects of such services.
- Many skills learned by trainees are applied to interactions with customers. The audit reviews skill objectives that apply to customer relations and samples employees who have received training. Then, customers are sampled to determine if the skills are applied.

#### Business Results Audit

The purpose of the *Business Results Audit* is to determine the return on investment for programmes and services. Break-even and cost-benefit analyses are selectively applied to gauge the value of outputs. Estimates are made to judge the effects of increasing, maintaining, or decreasing the amounts of resources to be applied to sampled programmes and services.

Why? T&D programmes and services are provided to develop employees to meet business needs. The company wants to develop skills in individuals and groups. Generally, company managers expect these activities to produce useful results. They assume that investing in T&D produces specific economic and/or social gains.

The Business Results Audit uses existing organisation standards to establish reference points for comparisons on "returns". Also, the Business Results Audit uses findings from other T&D audit categories to establish reference points for "investments". From these data, the relative value of programmes and services can be identified. Emphasis is placed on the relationship between critical business needs and employee development issues. Finally, action plans for the future may be identified.

#### Examples

- A company experiences traditionally high turnover in clerical jobs. The cost of hiring and training a single clerk is estimated to be \$1,800. An orientation programme was developed to encourage new clerical staff to value the benefits of long-term employment with the company. The audit finds that departments that use the orientation programme experience, have, on average, six per cent lower turnover. A cost-benefit analysis reveals a break-even point (cost recovery) for programme development after five months of orientations.
- Stress management training is conducted for all customer service representatives to help them cope with irate customers. Stress is the most often cited complaint for these employees. The audit samples former attendees and discovers that stress levels remain unchanged. Further, evidence reveals that representatives do not have ready access to customer information. A recommendation is made to offer the programme on a per request basis only. Also, management is encouraged to review the procedures by which representatives access customer information.

#### Audit Process

The audit process is quite simple and straightforward. The process requires that the evaluator work through six steps:

- establish objectives for each category of audit
- describe what he or she expects to find
- determine data collection procedures
- collect data samples
- report what was found in relation to expectations
- write and report conclusions.

A recent audit of a Supervisory Training (ST) programme in a manufacturing firm resulted in a fifteen-page report. The executive summary of that report follows:

### **Supervisory Training Audit: Executive Summary**

A comprehensive audit/evaluation of the Supervisory Training (ST) was conducted to determine whether:

- the ST is meeting the knowledge and skill requirements of the company's first-line supervisory staff;
- the ST is effective (doing the right things) in terms of accepted training and development practices;
- the ST is efficient (doing things right) in terms of programme administration; and
- the ST trainees are satisfied with the programme, how much trainees are learning, and the degree to which trainees are using their new skills and knowledge on the job.

The audit also attempted to determine business results of the ST in terms of return on investment and (probable/possible) social gains.

### **Supervisory Training Findings and Conclusions**

The audit revealed that the ST is meeting the skill and knowledge requirements (as defined in the ST needs assessment) of first-line supervisors and that ST course recommendations from the needs assessment have been, or are being, implemented. However, when the ST course outline was compared with a sampling of employee relations policies there were some discrepancies.

An examination of the ST documentation revealed that the ST programme has and is using commonly-accepted training and development practices, i.e., a needs assessment was conducted, ST courses were designed directly from the analysis work and ST courses were systematically developed, implemented and evaluated.

The ST is operated very efficiently. The Employee Relations group and Training and Development professionals work very well together. Critical decisions are made by Employee Relations and Training and Development managers and professionals, while administrative and clerical tasks are handled by capable clerical personnel.

Overall, ST trainees are very satisfied with the ST programme. However, a number of supervisors have expressed an interest in more technical types of courses.

Programme instructors and participants estimated that approximately two-thirds of ST course objectives/concepts are learned by participants. However, instructors were slightly more optimistic than supervisors.

Shop superintendents and line workers reported that supervisors do use the skills and knowledge gained from ST on the job. A variety of critical incidents were cited to substantiate these reports.

Supervisors were not able to report any time savings resulting from their participation in ST. However, they were able to report a number of positive critical work incidents indicating changes directly related to their participation in the ST. These critical incidents have had considerable financial impacts on the Corporation. Given these financial impacts associated with the ST, it is estimated that the break-even point was reached at the end of one year.

### **Supervisory Training Recommendations**

- Continue to offer the ST courses presently listed in the ST course outline. Consider offering course updates for those ST courses that deal with volatile subject matter such as equal employment opportunity, product liability, and labour law/employee relations. Examine personnel and other administrative policies that are not being addressed through the ST and implement a course of action to ensure proper coverage of appropriate organisational policies in the ST;
- Future ST course specifications should stress evaluation more stringently. All ST courses should have some form of evaluation, including trainee satisfaction, learning and performance criteria;
- As ST has reached a maturity stage, some thought should be given to starting ST II. To accomplish this task, the training and development process should be recycled starting with the analysis phase, i.e., needs assessment, subject matter analysis and interviews;
- Given the per person costs for ST courses, it is not worth spending a lot of time looking for alternative vendors, unless prices rise dramatically. In fact, it will be difficult to find alternative vendors for courses such as Resources Management.

Supervisors see themselves as relatively experienced and very aware of the employee relations portions of their jobs. They feel that they need fewer employee relations types of courses and more technical courses. If ST II is offered, consider including more technical courses.

Given the financial implications of participating in ST, participation should be required. Arrangements should be made for all supervisors who have not attended ST to make-up the course as soon as possible.

### **Summary**

The auditing approach to evaluating T&D offers these advantages. Auditing is quicker and less expensive than traditional methods, and uses a format that is easily understood by managers. The limitations of such audits include inaccuracies due to poor sampling techniques or the possibilities of "adversarial" audits being conducted for political reasons. However, auditing can be used to pinpoint areas where further examination is warranted. Repeated auditing also serves as an incentive for producing quality T&D efforts. Auditing's greatest value to the organisation is in providing an unbiased third-party view of how, when and where T&D contributes to the organisation.

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