EHRS

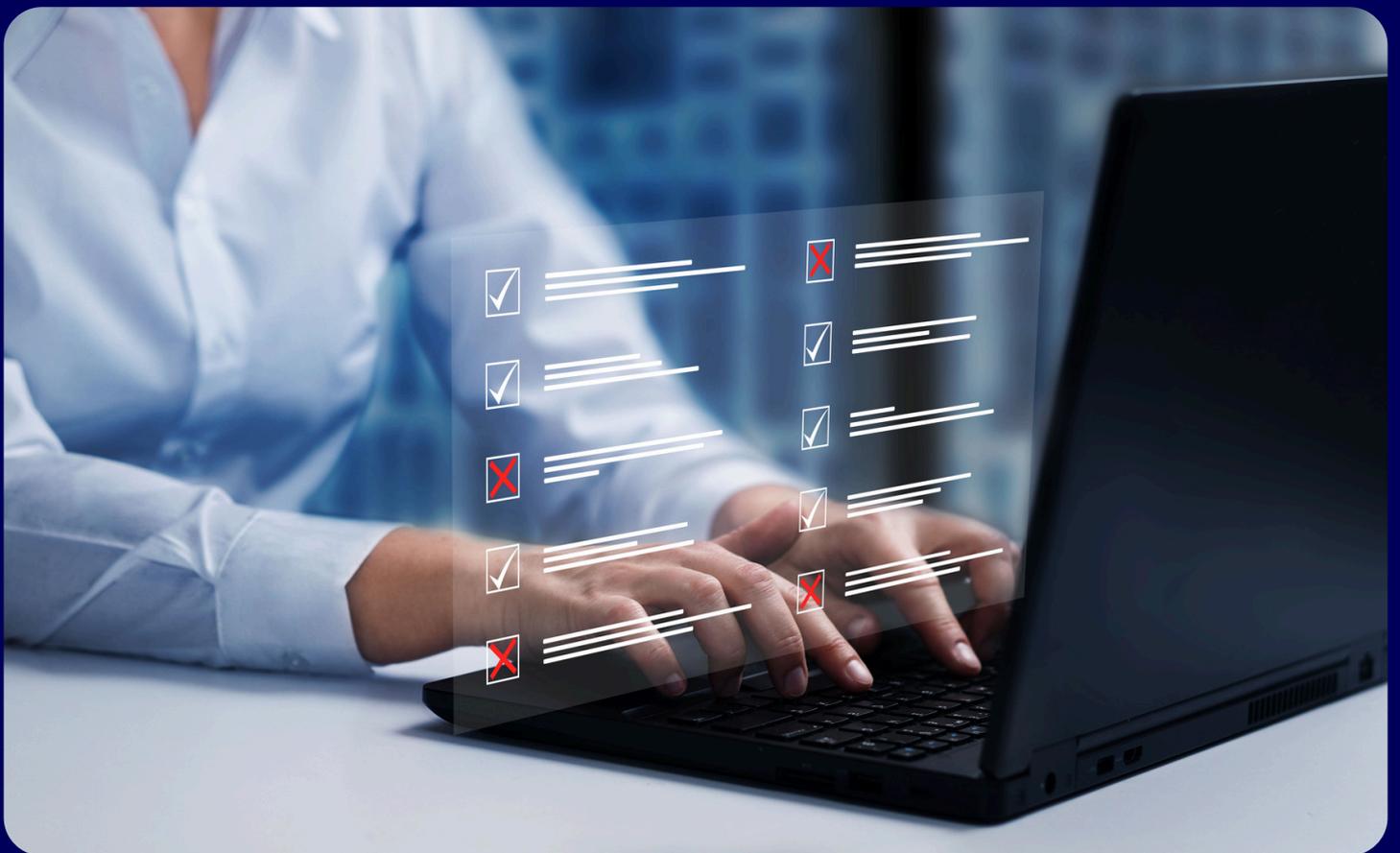# EUROPEAN HR AUDIT READINESS CHECK

A pre-audit self-assessment for companies operating in Europe

Provided by

EHRS

Updated for 2026

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CONFIDENTIAL – SELF-ASSESSMENT TOOL

This document helps international organisations assess whether a European HR Compliance Audit is justified based on structure, exposure, and governance maturity.

It is intended for senior leadership, HR directors, finance leaders, and legal stakeholders.

HOW TO USE THIS ASSESSMENT

This is a readiness check, not a compliance confirmation.

For each question, answer:

- **Yes**
- **No**
- **Unsure**

✍🏻 *Answer conservatively.*
If the honest answer is "we think so, but we're not fully certain", select Unsure.

1. WHEN AN HR AUDIT BECOMES NECESSARY

European HR compliance risk rarely comes from a single mistake. It emerges when growth, geography, and governance evolve faster than HR structures.

Organisations typically require a formal HR compliance audit when:

- ✅ Operations span multiple European jurisdictions
- ✅ Headcount or complexity has increased
- ✅ Transactions, audits, or restructuring are planned
- ✅ HR compliance has not been reviewed holistically in recent years

This assessment helps determine whether that threshold has been reached.

2. AUDIT READINESS ASSESSMENT

BLOCK A – STRUCTURAL COMPLEXITY

1. Do you employ staff in more than one European country?

2. Have you expanded into new EU countries within the last 24–36 months?

3. Has your European workforce grown faster than your HR governance framework?

4. Do local managers apply HR practices with limited central oversight?

5. Have you grown through acquisition or integration of entities in Europe?

BLOCK B – COMPLIANCE VISIBILITY

1. Can you confidently confirm that all employment contracts reflect current local legal requirements?

2. Do you have a consolidated, up-to-date view of HR compliance risk across all European countries?

3. Are working time, leave, and payroll practices regularly reviewed against local law?

4. Would you be comfortable sharing HR documentation in a due diligence process today?

5. Do you rely on assumptions rather than documented verification for HR compliance?

Count the number of Yes answers.

BLOCK C – TRANSACTION & GOVERNANCE EXPOSURE

1. Are you preparing for, or considering, an investment, acquisition, exit, or restructuring?

2. Has HR compliance been formally reviewed at board or executive level in recent years?

3. Have HR risks ever been flagged during audits, inspections, or legal reviews?

4. Would HR compliance findings potentially affect valuation, deal timing, or integration?

BLOCK D – CONTROL, EVIDENCE & AUDIT TRAIL

1. Are termination and disciplinary procedures documented and consistently applied across countries?

2. Can HR decisions be reconstructed and justified after the fact if challenged?

3. Are contractor or atypical worker arrangements clearly documented and regularly reviewed?

4. Are external payroll or HR vendors subject to formal oversight and compliance checks?

5. Do you perform regular internal or external HR compliance reviews?

Count the number of Yes answers.

3. SCORING YOUR RESULT

Count the number of **Yes** answers.

RESULT INTERPRETATION

0–5 YES ✅ Low immediate audit pressure.

Your current structure may be manageable, but risk should continue to be monitored as operations evolve.

6–10 YES ⚠️ Elevated exposure.

An HR compliance audit is highly recommended to identify hidden risks and prevent escalation.

11+ YES 🚨 High exposure.

Your organisation is likely operating with material HR compliance risk.

A formal HR Compliance Audit is strongly advised, particularly if transactions or inspections are anticipated.

If you selected Unsure more than three times, treat those answers as additional risk.

4. WHAT THIS ASSESSMENT DOES AND DOES NOT DO

WHAT IT DOES ✅

- ✅ Identifies structural and governance risk indicators
- ✅ Helps determine whether an HR audit is justified
- ✅ Supports internal alignment at leadership level

WHAT IT DOES NOT DO 🚫

- ⛔ Confirm legal compliance
- ⛔ Replace legal or HR advice
- ⛔ Identify country-specific gaps
- ⛔ Reduce compliance risk on its own

Only a structured HR Compliance Audit can do that.
This document is only a pre-audit help, to understand the level of risk potentially present in your company.

5. WHEN COMPANIES TYPICALLY ACT

Organisations usually commission an HR Compliance Audit when:

- ✅ Preparing for M&A, investment, or exit
- ✅ Responding to board, investor, or audit pressure
- ✅ Scaling across multiple European jurisdictions
- ✅ Recovering from disputes, inspections, or claims
- ✅ Realising HR governance has not scaled with growth

Acting before these moments significantly reduces cost, disruption, and exposure.

6. NEXT STEP

This readiness check is designed to help you decide whether an audit is necessary.

If this assessment highlighted exposure, uncertainty, or governance gaps, the next step is typically a tiered European HR Compliance Audit, tailored to your structure, countries, and risk profile.

A confidential diagnostic discussion can help clarify scope, timing, and priority.

We invite you to get in touch with us right away and book a free consultation.

GET YOUR FREE CONSULTATION NOW

EHRS

Do you feel behind regarding your HR ?

If you are a small to mid-size company, in need of a partner that can help you expand in Europe or solve your recruitment, selection, retention or improve your business performance, or to which you can fully outsourced HR & Payroll for Europe, we are the right agency for you.

We invite you to get in touch with us, you will receive an answer from our experts within 24 hours.

FREE CONSULTATION →

If you already know precisely your specific HR needs and you want to discuss it with us, we invite you to get in touch:

book your call with us by clicking

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