

CLIENT ALERT

A *FRESH* LOOK AT THE IMPORTANCE OF CONDUCTING EFFECTIVE HUMAN RESOURCE AUDITS AND MEANINGFUL TRAINING ON EMPLOYMENT ISSUES

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Successful employers, regardless of size, are proactive in their approach to employment and personnel issues. They understand that success is a by-product of effective and intelligent planning. They realize that human resource audits are a very effective way to improve personnel issues and, at the same time, reduce the risk of employment related litigation. A human resource audit involves (i) a comprehensive review of employment policies and procedures and (ii) a commitment to conducting meaningful and regular training of employees and managers. These audits should be conducted for a variety of reasons, including the following:

- to evaluate procedures and ensure that forms are updated
- to determine the appropriateness of existing policies and to determine new policies that need to be established
- to employ the best HR practices
- to ensure compliance with ever changing employment laws
- to improve employee relations and employee morale

Although the needs of employers may vary depending upon size and industry, a human resource audit should include a review or consideration of the following subjects and documents:

Hiring:

1. Job application forms
2. Job posting policies
3. Advertising for job openings
4. Job descriptions
5. Interview training for managers and supervisors (which involves learning what questions may and may not be asked; preparing a set of meaningful interview questions, as well as a set of meaningful questions to ask references; properly evaluating candidates; conducting effective reference checks; etc.)
6. Job offers (offer letters)
7. Background check forms and procedures
8. I-9 forms
9. Employment agreements; independent contractor agreements

10. Non-competition, non-solicitation and confidentiality agreements
11. References and reference release forms.
12. Applicant disclosure forms

Wage and Hour Laws and Regulations:

1. Wage policies
2. Methods of recording time
3. Paid time
4. Regular rate of pay
5. Overtime and exemptions from overtime
6. Understanding when a final paycheck must be issued and when employers may withhold monies from paychecks
7. Understanding when bonuses are earned and due to be paid
8. Timesheet certifications for non-exempt employees
9. Educate new hires about overtime policies and procedures during orientation phase

Employee Handbook:

1. Preserving employee at-will status
2. Consistent practices
3. Required/recommended policies [Note: employers with offices in more than one state may need an addendum to handbook]

Preventing Discrimination, Harassment, Bullying, and Violence:

1. Establish comprehensive policies
2. Regular training for all employees and managers

Family and Medical Leave Act:

1. Policies and procedures
2. Forms
3. Educating managers on law and the importance of designating leave

Americans With Disabilities Act:

1. Create suitable handbook policy
2. Train managers on law and importance of properly handling accommodation requests

Personnel Records:

1. Retention policy
2. Access policy

Discipline and Performance Reviews:

1. Policies
2. Meaningful evaluations and evaluation forms
3. Grievance procedures
4. Supervisor training
5. Employee reviews – formal and informal
6. Staff development
7. Performance plans

Termination:

1. Exit interviews
2. Training supervisors how to handle employee terminations legally and with dignity
3. Severance and severance agreements
4. Liability checklist
5. Handling reference requests

Employee Retention:

1. Review and revise orientation procedures
2. Establish competitive pay and benefit procedures - use trade associations, etc. to gather information about what others in the industry are doing
3. Create career growth opportunities
4. Solicit employee feedback
5. Evaluate the reasons why employees have left to better tailor hiring procedures

Insurance:

1. Consider Employment Practices Liability Insurance (EPLI); review existing EPLI policy with knowledgeable agent and counsel

Regularly Scheduled Reviews of HR policies and procedures:

1. At least once a year

In conclusion, human resource audits are an important step in creating sound, effective hiring, retention, and performance management policies and procedures. The expression "an ounce of prevention is worth a pound of cure" is perhaps never more true than when it comes to taking constructive measures to reduce the risk of employment related litigation. Employers who take this expression to heart and consistently act on it can improve hiring decisions; increase employee retention and job satisfaction rates; properly handle employee separations when they become necessary; and meaningfully reduce the risk of litigation and damage to their reputation and brand.

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