



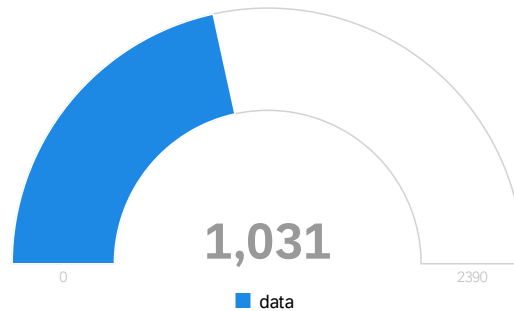
# HR MRI Executive Summary

Prepared for  
ABC Company

Provided June 2022

By: SevenStar HR

## Executive Summary - Potential Score of 2390

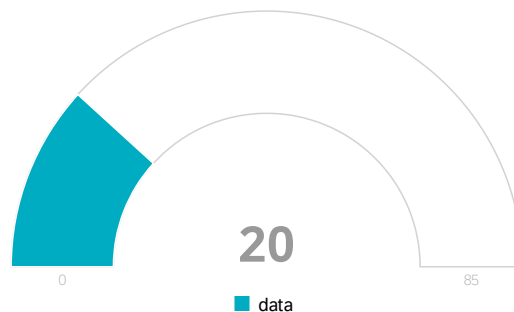


### Executive Summary

SevenStar HR MRI Assessment™ is a comprehensive method to review current HR policies, procedures, documentation and systems. The purpose of reviewing these is to identify needs for organizational and employee improvement, enhancement of the HR function, as well as to help ensure compliance with the ever-changing government rules and regulations. Your Total Score will give you information on your overall HR health. If your score is less than 75% overall or in any area you should be concerned. Your score reflects HR compliance issues related to local, state and federal regulations and best practices in such things as hiring, employee engagement, or a poor company culture causing a turnover or a poor work environment. This report and your "Issues Uncovered Report" outline potential HR issues uncovered in the review of your Company. Some issues may be more important to the Company Leadership than others. Each section is broken into sectional scores so attention to mitigate risk and allow your company to meet its goals can be accomplished quicker. We look forward to discussing this report with you and developing a "prescription" which can be used by you or one of our HR Consultants to help you get the Freedom to focus on the big picture so you can make your company what you want it to be.

Jackie Gernaey, CEO, SevenStar HR, (877) 923-0054

## General Assessment Info - Potential Score of 85



### General Assessment Section

This section relates to how company management deals with multiple issues relating to HR Risk.

- The first issue relates to how the company deals with 1099 independent contractors.

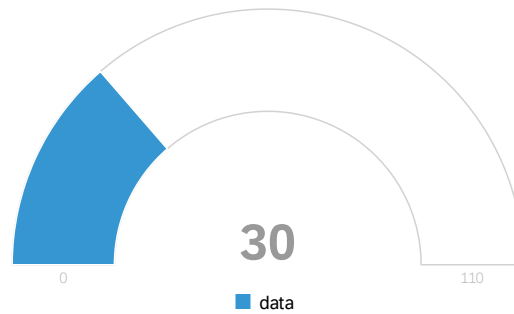
Employers, from well-established corporations to start-ups, continue to struggle to understand the legal distinctions between an employee of the business and an independent contractor. Contract employment is on the rise – and, frighteningly for many employers – so is employee misclassification and related penalties. As organizations plan to increase their workforce, many are turning to contract workers for help; recent research indicates that 46 percent of US companies have plans to increase the number of contract workers they utilize.

In light of the increase in 1099 hiring, the IRS has recently taken a special interest in worker classification and has raised the number and amounts of the fines and penalties in an attempt to stop these mistakes once and for all. The crackdown is affecting companies of all sizes, across all industries, who incorrectly label employees as 1099 contractors when they should be W-2 employees; and the penalties can be severe. Please review your practices in this area with your consultant and attorney.

- The second is communication throughout the organization.

Poor communication is one of the downfalls of many companies. If you do not work on understanding communication styles of each other and what motivates employees; if you do not do some kind of reporting of the general health of the organization to your employees in the form of a state of the union, employee engagement and company culture goes down putting you at risk for turnover and the costs associated with it.

## Leadership - Potential Score of 110



### **Effective Leadership is the Most Important Future Predictor for a Company**

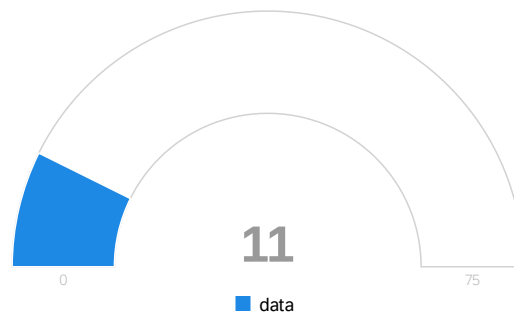
This section also looks at how the leader is leading through their vision for the company. A carefully crafted vision statement is at the heart of every successful business. As part of this section, we ask how happy the leader is with the speed with which the Vision is being achieved. If the leader is not happy with the speed there is often an employee issue that needs to be explored.

If the leader has more than 7 direct reports, they may not be able to give each person the attention needed to achieve their goals. It also looks at communication with the management team. Meeting with them less than monthly is potentially negative to the organization in our eyes. The Leader's job is to make the company be able to run without them. If a leader is not able to be away from the organization, they may not have the right people on the "bus" to be able to handle the day-to-day.

There are several things we look at to determine employee engagement. Employee engagement helps improve profitability, reduce the high costs of turnover, reduces accidents and can help make it a place where all are happy to work. We look at the employee survey separately but this section also looks at how the leadership can impact employee engagement. If there are no training development programs supporting the company's goals; if employees get no performance feedback; if there is no strategic human capital plan; all will have an impact on the engagement of employees.

The last question that gives us input on general compliance is the Leader's belief about whether they feel the company is at risk for HR governmental fines.

## General Staff Issues - Potential Score of 75



### General Staff Issues

This section covers some general information including Nonsolicitation/Confidentiality Agreements, knowledge of overtime laws, and having an organizational chart.

Each of these areas is in the HR arena and each can have a financial impact on businesses.

#### New Overtime Rules

On September 24, 2019, the Department of Labor issued its final overtime rule to increase the minimum salary threshold for executive, administrative and professional exemptions from \$455 per week (\$23,660 annually) to \$684 per week (\$35,568 annually). The new rule goes into effect on January 1, 2020. It is imperative you understand this rule and apply it correctly to prevent liabilities in not paying employees for overtime correctly.

#### Organizational Chart

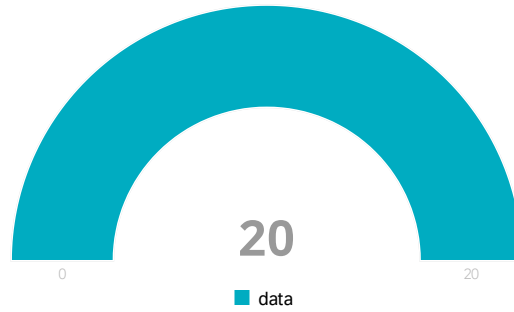
Why should we have an org chart or formally called an organizational chart? Through the organizational chart, it is ensured the responsibilities are being allocated, activities are being performed and management authority has been established in a way as needed. An organizational chart is of great support to create and define the organizational structure, so the business objectives may be accomplished accordingly and successfully. It not only helps in dividing the functions of an organization in an appropriate manner, but it also aids greatly in developing the structure of reporting while guiding the employees properly, as the connecting lines on the chart show who is accountable to whom and who is in charge of what department. Organization charts are the tools that enable us to understand how an organization works while it explains the structure of an organization as a whole.

#### Reasons to Have Employee NDAs and Non-solicitation Agreements

You should include them in your onboarding package to protect your company. These are some of the benefits of these agreements:

1. Prevents the loss of important confidential information
2. If an employee leaves it prevents them, legally, taking employees and clients with them
3. Even if you never intend to pursue a lawsuit for breach of an NDA, it creates a psychological deterrent
4. It clarifies your Intellectual Property rights
5. It clarifies what data is confidential
6. It puts an employee on notice if he/she leaves the company they can not solicit either your customers or your employees.

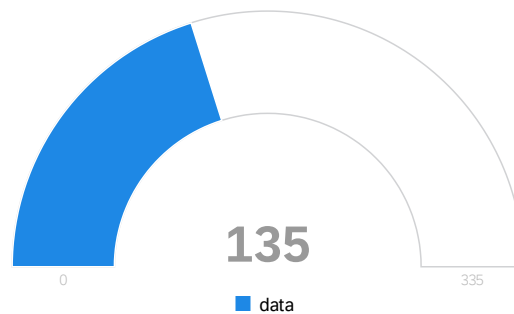
## Worker's Compensation - Potential Score of 20



### Workers' Compensation

Workers' compensation insurance offers broad coverage designed to protect your business and your employees. Many companies pay either not enough or too much for workers' comp insurance. If you have not done a worker's compensation audit, we can suggest an independent firm who has in many cases gotten businesses large refunds.

## Recruiting & Hiring - Potential Score of 335



### Recruiting & Hiring

If you scored low in this section, you probably do not have a consistent hiring process. Why is this important?

1. An inconsistent process leads to inconsistent results. A hiring process that is not standardized is not really a process, but rather, is a random collection of criteria. If the selection criteria are different for each candidate, then it is impossible to determine the effectiveness of the criteria you use for selection.
2. You have no standards without a standardized hiring process. The first step in building a standardized process is to define the goals or standards of the process. What are the competencies that are important to your jobs and to your organization? Soliciting the input of the job content experts in your organization and documenting those competencies by job into a job benchmark are the first steps to standardizing the hiring process. By taking these initial steps, the stakeholders your company has identified the standards of the selection process specific to a job and specific to job requirements in your company.
3. Everyone is using the same measuring stick. A standardized hiring process ensures your recruiters and hiring managers use the same reference points when making decisions. What is a “good” candidate? Joe and Alice’s definitions of “good” could be quite different. By standardizing the process and criteria, the organization provides that definition of “good” for all of its team members that are involved in the hiring process. Everyone is using the same language when describing candidates. A recruiter or hiring manager will be able to succinctly and accurately explain a hiring decision to his/her team member. Hiring managers will have more trust in the decisions recruiters make because of the standardized process.
4. A standardized hiring process has additional benefits beyond the improved quality of hires. One of the most important is the legal defensibility. An inconsistent process is a fertile ground for discriminatory hiring practices. Applying criteria inconsistently could unintentionally lead to the perception of favoritism or disparate treatment.

### Hiring Record Retention

As part of your hiring process, you need to ensure you have a process for how long you keep resumes and other hiring materials and where you keep them.

There are many Federal Acts that require employers to retain employment applications and related documents, but not a single ruling that specifically addresses it. As an employer, you must look at the federal laws from which you are covered as well as any contractual requirements you may have (i.e. union contracts and government contractors requirements). The following lists some of the Acts and their record retention requirements.

- Civil Rights Act of 1964 – Employers are required to keep various employment records, including job applications, for one year from the date the application was received.
- Age Discrimination in Employment Act – Employers are required to retain employment applications for one year. There is language, however, that indicates if you are aware the applicant is over age 40, you should retain it for as long as two years.
- Americans with Disabilities Act – Employers are required to retain job applications and documents for one year. There is some variation based upon whether or not the applications are solicited or unsolicited, but the maximum retention is two years.
- Executive Order 11246 – If you are a government contractor and have less than 150 employees or a contract of at least \$150,000 you must retain these records for one year. If you have at least 150 employees or more and a contract of \$150,000, you are required to keep the records for two years. If you have a resume on hand, from a previous search, and decide to consider it for a new position months down the road, you will need to keep that resume or application for the time required based on the last viewing of the document (i.e. 1-2 years past the fill date of the second position).

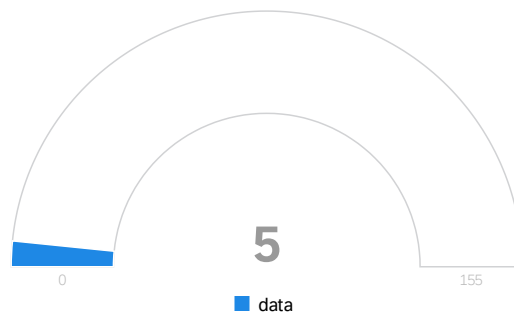
A word of caution – if there is a discrimination charge or unlawful employment practice brought against the employer, employment applications must be retained until the matter reaches a resolution. This can get tricky if someone claims discrimination because they did not get a promotion; the

employer is then required to keep all the applications received for that promotion until the claim is resolved. With a lengthy lawsuit and litigation, this could be an extended amount of time.

Generally speaking, it is a safe bet to keep resumes and applications of non-hired individuals for two years following the date the hiring process is completed for a position (i.e. from the time the new employee starts working). Remember to consult State laws in addition to Federal regulations when determining how long to keep employee records.



## Performance Management and Job Descriptions - Potential Score of 155



### Job Descriptions

No state or federal law “requires” job descriptions, but job descriptions can be helpful tools for both practical and legal reasons. Here are some of the most important.

#### As a Useful Communication Tool

Aside from any legal reasons to have job descriptions, practical reasons weigh strongly in favor of having them. For example, job descriptions can be useful communication tools to tell employees exactly what tasks you expect them to perform. Job descriptions may also address the quality or quantity of performance standards, or even work rules that apply to a particular job. Without such clear communications, employees may not perform to your expectations.

#### To Help Identify the Right Employees for a Job

Job descriptions can help identify particular skills or abilities that are necessary for a position or the environmental pressures that apply to the position. A good job description tells the applicant what the position may involve or require. After reading the job description, some applicants may decide that they are not a good fit for the position or are not interested in it. If an applicant withdraws his or her application, then a prospective employer cannot be held liable for any “adverse action” under any applicable laws.

#### To Help in the Interactive Process

Some state or federal laws require reasonable accommodations for qualified individuals with disabilities. Job descriptions can help with the interactive process that such laws require. A job description serves as a starting point for what the employer believes to be the essential job duties. The applicant or employee then must identify which of the listed duties he or she cannot perform.

Once those duties are identified, the employer and individual with a disability can begin an interactive dialogue about what accommodations may help the individual to perform those duties without being an undue hardship on the employer or without creating a direct threat to the individual or others. A job description can also be helpful in soliciting the advice of professionals such as physicians, chiropractors, counselors or rehabilitation therapists about whether the individual can actually perform a particular job.

#### To Describe Legitimate Minimum Qualifications

If a job requires a particular certification, such as a commercial driver’s license, a particular degree, or professional designation, list it in a job description. Similarly, if a negative drug test is required before starting or continuing work, that should be stated in the job description. Other objectives, minimum qualifications can be listed as well, including such basics as the need for good attendance and the ability to work well with others. Then, if a person seeks a position and does not possess the required certification or qualifications, you have a legitimate, nondiscriminatory reason for not placing the person in the job.

It should also be performance-oriented. What are the top measurable key accountabilities of the job? This will help you determine if the employee is meeting your needs. They can also be the basis of any performance management system and be the basis of any bonus program for an employee.

#### To Help Justify an Employee’s Exempt Status

Job descriptions will not, by themselves, determine whether a person should be exempt or nonexempt under applicable wage and hours laws. A job description must first accurately reflect the duties of a particular position. In addition, other elements of the applicable exemptions must also be present with respect to each individual worker to qualify as exempt.

But if you claim a person is exempt from minimum wage, timekeeping and overtime requirements under the “executive” exemption to the Fair Labor Standards Act, the job description should state that the employee manages a “recognized department or subdivision” of the company and regularly supervises at least two or more full-time equivalent employees every week. Other managerial duties should also be referenced in the job description. Similarly, for those employees that you are attempting to qualify as exempt under the “administrative” exemption, the job description should state that the employee “regularly exercises independent judgment and discretion about matters of significance” or words to that effect. Again, describing duties that involve such independent judgment and discretion, such as “negotiates” or “decides,” would also be helpful.

## Performance Management

One of the things we hear from business owners is employees do not seem to appreciate the increases, bonuses, and benefits they receive. While they might think it is great to get a year-end "holiday" bonus, once they receive it the first time, they feel entitled to receive it each year regardless of how well they did in achieving their goals and how well the company did overall.

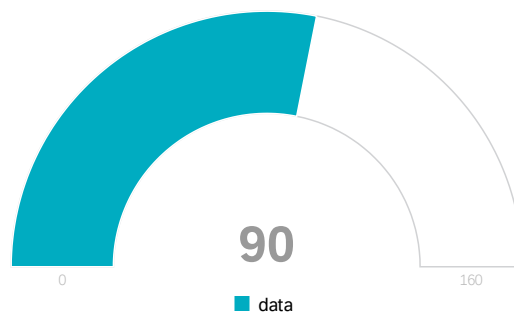
Having a process to determine how you are going to determine if and how much you will give for salary increases or bonuses is critical if you want to stop the entitlement.

These are the things you need to do to either begin or modify your performance system:

- Decide on the timing and frequency of salary increases
  - It is at the employer's discretion when and how often salary increases will be provided.
  - Determine what would be the appropriate timing & frequency for your business.
- Determine the criteria you will use to determine salary increases.
  - They can be based on: employee performance, company success, tenure, cost of living and economic conditions are a few examples.
  - Choose factors that make sense for your business, which fit with your overall culture and values, and which will not be too difficult to administer.
- Establish goals & targets
  - Important if the salary increase criteria you select are based in part or completely on performance.
  - For pay for performance increase process to work effectively, employees need to be aware of what they are expected to accomplish in order to obtain a salary increase.
- Evaluate performance against those goals & targets
  - At the end of the goal period, compare employee performance to the goals and targets.
  - If the goals have been met, then it should affect the salary increase amount.
- Determine the amount of salary increase
  - If this step wasn't already done earlier on, determine what salary increase will be provided for the level of performance achieved.
  - In addition to individual performance, the amount of increase will likely be dependent on budgetary considerations and company performance as well.
- Other considerations which could affect the amount of the salary increase include:
  - The company's annual goals or metrics can affect their potential salary increase.
  - Internal equity – perceived equity in the increases being provided to employees who perform a similar role, possess a similar skillset and have a comparable level of performance.
- Market conditions – It may be worthwhile to be aware of what average salary increases are expected to be in your region so you know what general expectations may be to explain or justify the discrepancy.

Instead of providing salary increases on an ad hoc basis, or only providing salary increases to employees who request one, knowing how to determine salary increases effectively will ensure your employees perceive your process to be fair, consistent, and transparent.

## Employee Records - Potential Score of 160



### Personnel Records

Keeping personnel files for the correct length of time and segregated when necessary is a legal requirement you may or may not be fulfilling. In general, all personnel files should be kept in a locked location. This is best done centrally so the management of the files is handled correctly but could be done departmentally if each department is trained in the management and security of employee files.

There is no one federal law that covers personnel records. Many states have passed laws granting employees the right to view or copy at least some of the contents of their personnel records. For example, employees typically have the right to see evaluations, performance reviews, and other documents that determine a promotion, bonus, or raise. However, they might not have the right to view letters of reference from former employers, test results, or records of an investigation into criminal conduct or violation of workplace rules. Some states even allow employees to challenge information in their files, for example, by including a letter (called a "rebuttal") in the personnel file disputing inaccurate information. Employees should have access to their files.

Having a written policy on who can see the files and when will help to make sure everyone understands the expectations of who can view the personnel files. A control mechanism to taking files out of the file drawer will help to ensure the file is placed back in the appropriate place. This is an excellent process to have in place.

It is recommended each employee has a general file, a confidential file, an Affirmative Action confidential file, a HIPAA guided, medical file and a benefits file. We recommend I-9s not be kept in the employee file but in a separate file altogether. The reason is if there is an I-9 audit, you would only give the auditor access to the I-9s.

Employers should keep all job-related documentation such as hiring records, performance reviews, disciplinary actions and job descriptions in an employee's general personnel file. Consider whether the document would be relevant to a supervisor who may review this file when making employment decisions. Is it related to the employee's performance, knowledge, skills, abilities or behavior? If so, then the document should be included in the employee's general personnel file.

Medical records must be maintained separately from the personnel file. The Americans with Disabilities Act (ADA) prohibits employers from including medical information in an employee's general personnel file. Employers should create a separate file for employee medical information that includes records related to medical leave, reasonable accommodations, workers' compensation claims, etc. Employers who are required to invite applicants and employees to self-identify as an individual with a disability under Section 503 of the Rehabilitation Act must maintain these self-identification forms separate from all other records, including other medical records.

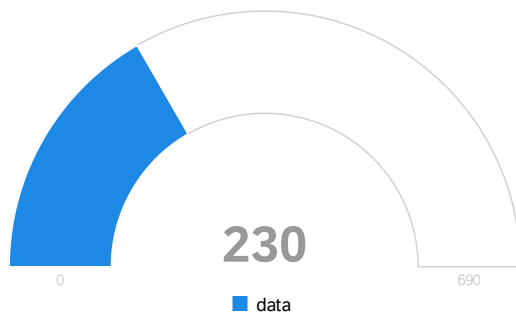
There are also records that should not be accessible to managers and supervisors due to the sensitive nature of the information. These include documents that contain information such as date of birth, marital status, dependent information, Social Security number, immigration status, national origin, race, gender, religion, sexual orientation, and criminal history. It is common for employers to have a "confidential" or "other" file that contains these records.

If Affirmative Action applies, you should have a fourth file called "Affirmative Action Confidential file. This would contain disability documents including correspondence on reasonable accommodation and work restrictions.

How long should records be kept? There are many regulations including EEOC, ADEA, FLSA, Worker's Comp who impact the time. Because of the length of time differences which range from one year to 30 years, we usually recommend you keep them forever.

If you have onboarding software, these files can easily be separated and kept securely, forever with no storage costs. Ensure you or your payroll provider are keeping compensation records available to you for three years after you terminate an employee and if you switch payroll providers that they are either downloaded or kept available to you for three years after you terminate your relationship.

## Employee Handbook- Potential Score of 690



### Employee Handbook

If your company does not have an employee handbook that has been updated in the last two years, has been reviewed by an attorney and that handbook does not have some specific policies, we consider this a critical issue.

If you operate in multiple states, you must have state-specific information.

There are may be reasons to create a customized handbook based on the policies and procedures at the firm. The most vital benefit of having an employee handbook is that it often protects companies from employees' legal claims. For example, it is advisable in many states (and in some states legally required) to add a disclaimer in an employee handbook stating that the employee's employment is considered "at will," and that the employee does not have a contract of employment. This way, should the employee be terminated, it will be extremely difficult for that employee to claim that he/she had a contract of employment and was wrongfully discharged.

Another area in which an employee handbook can provide valuable legal protection is sexual harassment. Employers are allowed to make use of an "affirmative defense" when one of their employees alleges that a manager or supervisor has subjected him/her to a "hostile work environment." Part of this defense involves the employer demonstrating that it maintained an effective anti-harassment policy with training, and the easiest and most efficient way of doing this is by being able to produce an employee handbook with well-drafted anti-harassment language. The successful assertion of this defense allows an employer to either reduce its damages or avoid liability all together.

An employee handbook should clearly describe an employer's policies. Doing so allows all employees to gain access to the same information, and allows employers to set forth their expectations in a comprehensible and consistent manner.

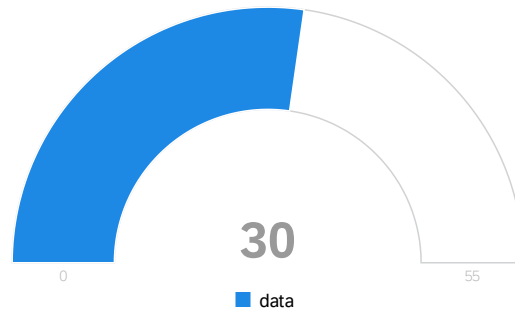
Employers can also use employee handbooks as a way of providing managers/supervisors with information on key management policies, such as how to recognize the signs of substance abuse, performance counseling and corrective action, and interviewing and hiring guidelines.

An employee handbook can be a valuable orientation tool for a new employee who has just joined a company. The handbook can describe the background of the company and include the employer's "mission statement," providing new employees with a preview of their new employer's "company culture." In addition, a comprehensive employee handbook gives employees a source of information to consult when questions arise which can be easily answered without having to approach management.

An employee handbook should contain a policy that describes where to go and whom to seek out in the event that an employee has a problem or grievance. Having such a policy prominently displayed in an employee handbook stresses the notion that employees should seek resolution to their problems from within a company, as opposed to immediately bringing in an outside lawyer or government agency whenever a problem/disagreement arises.

Lastly, the employees must sign an acknowledgment form indicating they have read the policies.

## Payroll - Potential Score of 55



### Payroll Records

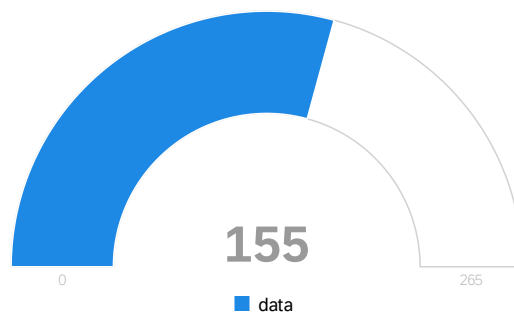
Payroll records are a form of documentation which must be maintained by an employer for all individuals in the workplace. This includes the number of hours worked, average pay rates, and deductions for each employee. Payroll records also contain information about health plan contributions, bonuses, and sick pay within the last year. According to the Fair Labor Standards Act, all records must be kept accurate and up to date for non-exempt employees. The Wage and Hour Division retains the right to conduct an open inspection of all relevant documentation, so companies are expected to keep payroll records on file for a minimum of three years.

If you are using an outside payroll company, you need to ensure these records are being kept. We suggest you make sure you have annual summaries of all payroll records kept at your facility.

Some states have specific requirements for employees. This might include such things as withholding for family leave or in NY getting a signed wage theft document.

The use of an onboarding tool for the maintenance of payroll and other data can help reduce the amount of work and also help engage employees.

## Benefits - Potential Score of 265



### Benefits

#### Sales Commission Plans

Employers often encounter problems in drafting enforceable compensation plans for their commissioned sales employees. Contract provisions that might make business sense can run afoul of state wage and hour laws and to further complicate matters for employers, these laws vary considerably state to state.

**Since the employer generally drafts the compensation plan, and therefore any ambiguities will be construed against the employer, it is particularly important that the employer draft the plan carefully and with attention to detail.**

Payment of commissions upon termination is important to cover in the commission plan.

Care needs to be taken to spell out exactly how and when commissions are earned and paid. Employers can draft clear and enforceable commission plans by keeping in mind the following tips:

- Plan must be written;
- Draft the payment formula so it is clear that the payments are "commissions" under the applicable state law;
- Specify when and how a commission is earned, and when the commission will be paid in accordance with applicable state law;
- Specify the deductions, if any, made from commissions in accordance with applicable state law;
- Specify how and when draw arrangements will be reconciled if applicable
- Specify all commissions earned on or before the date of termination will be paid when the final base salary payment is made, in accordance with applicable state law.
- 

Because of the stakes involved, especially for multi-state employers of sales people, legal review by counsel is a good way to avoid problems based on inadvertent drafting ambiguities.

#### Health & Welfare Benefit Plans

**Employers with a health and welfare benefit plans with 100 or more participants on the first day of the ERISA plan year are required to file an annual Form 5500 and related schedules.**

Employers with fewer than 100 participants are generally not required to file an annual Form 5500 unless the benefits are funded through a trust or a Multiple Employer Welfare Arrangement (MEWA). If the ERISA Plan is under a Trust or MEWA, the Form 5500 is required to be filed regardless of the number of participants. Additionally governmental and church plans [as defined under ERISA section 3(33)] are exempt from the filing requirements.

#### Training

Most business managers wouldn't hire unqualified employees. But so many of them do employ under-qualified workers. Sometimes employees become under-qualified due to changing technology or the development of new methods.

Some of the excuses not to train are:

- "We are too busy to learn something new right now."
- "We just don't have the money to pay for training."
- Another reason businesses often neglect to train employees is because of past training experiences.
- Sometimes the training was done poorly, or the topics just didn't help.

Not training your employees also comes at a cost. Here is why:

- Untrained Employees = Unhappy Employees, unhappy employees are disengaged

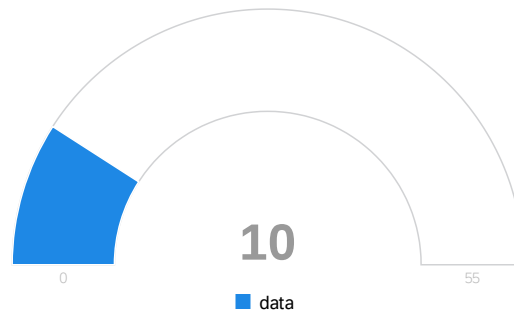
- Untrained Workers Have a Lower Production Value
- Untrained Workers Are Inefficient
- Lost Time/Money Due to Mistakes
- An Increase in Miscellaneous Expenses
- Insufficient Staff Training Means Lost Customers

Untrained employees can cause many mistakes and those mistakes and inefficiencies can cause your business to lose customers. That is the worst possible scenario, but it can happen.

Training programs and costs have an easily measured up-front cost of time and money. Costs of poorly trained staff show the importance of training employees. These costs do not come in the form of line items, so they are often ignored or unseen.



## Termination - Potential Score of 55



### Termination

Whatever your reasons are for terminating an employee, a wise employer will always follow the proper termination procedures. If you don't have one, you are at risk. Despite the prevalence of employment-at-will laws, in reality, your right to fire is becoming more and more restricted because of the tremendous growth in federal and state laws that favor employees. What's more, these days workers who feel they have been unjustly discharged or forced to quit seem to be filing a multitude of employment-related suits.

The following are steps you should follow in a termination of any kind:

#### -First Steps:

- Record termination details such as whether the termination is voluntary or involuntary and the reason for the termination
- Request a letter of resignation if the termination is voluntary including the effective date
- Provide a termination letter to the employee if involuntary. This is a legal requirement in many states.
- Notify either HR department, the person responsible for employees or management
- Decide if you are going to offer a severance package and if it is going to be in exchange for a release

#### -Permissions and access termination:

- Notify the company's network administrator and confirm that all of the employee's online accounts have been terminated and change whatever passwords the employee had access to
- Disable access to company buildings and property

#### -Return of company property - make sure you document

- ID Badges
- Computer if company-owned
- Cell phone if company-owned
- Credit cards
- Company files
- Books

#### -Status of employee benefits

- Check with your insurance provider to ensure that you are complying with COBRA requirements
- Make sure the employee gets a letter that details the status of their benefits upon termination.

#### -Review any signed agreements

#### -Issue the final check according to your state law making sure it includes

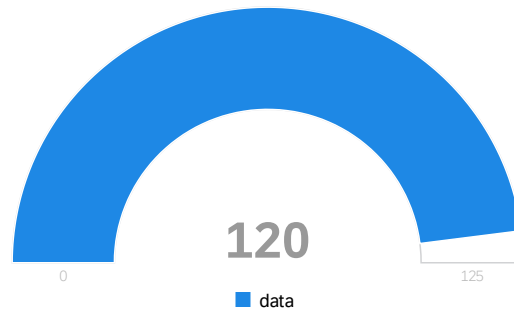
- Outstanding wages
- Unpaid commission (based on your commission agreement)
- Unpaid business expenses
- Severance pay if applicable
- Unused vacation pay
- Healthcare spending account balances

#### -Complete Exit Interview

#### How long do you keep terminated employee records?

When an employment relationship ends, employers have an obligation to store employee personnel files in a secure location. The length of time employee records must be kept varies, according to federal and some state laws concerning employer record keeping. These are strict regulations, and employers who are unable to produce certain employee files after termination may be subject to stiff penalties and fines imposed by government entities.

## Posters - Potential Score of 125

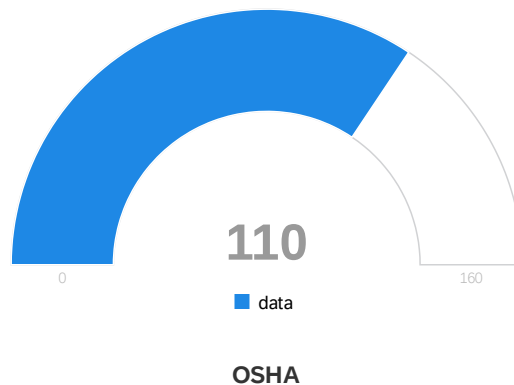


### Federal and State Posters

Some of the Federal statutes and regulations enforced by the Wage and Hour Division (WHD) require posters or notices be posted in the workplace. Please note that posting requirements vary by statute; that is, not all employers are covered by each of the statutes administered by the WHD and thus may not be required to post a specific notice. For example, some small businesses may not be covered by the Family and Medical Leave Act and thus would not be subject to the Act's posting requirements. You are also required by your state to post certain posters in the workplace. You may also be required to have your posters translated if you have a diverse workforce.

If you have no poster posted, you are definitely out of compliance. If you do not check on a minimum of a yearly basis to see if the posters are up-to-date you are likely going to be out of compliance as laws change.

## OSHA - Potential Score of 160



Many business owners do not realize it is not just manufacturing that is covered by OSHA. Under the OSH Act all employers have a responsibility to provide a safe workplace. If you got a low score not only are you at risk but your **employees are as well.**

This is a short summary of key employer responsibilities:

- Provide a workplace free from serious recognized hazards and comply with standards, rules and regulations issued under the OSHA Act.
- Examine workplace conditions to make sure they conform to applicable OSHA standards.
- Make sure employees have and use safe tools and equipment and properly maintain this equipment.
- Use color codes, posters, labels or signs to warn employees of potential hazards.
- Establish or update operating procedures and communicate them so that employees follow safety and health requirements.
- Employers must provide safety training in a language and vocabulary workers can understand.
- Employers with hazardous chemicals in the workplace must develop and implement a written hazard communication program and train employees on the hazards they are exposed to and proper precautions (and a copy of safety data sheets must be readily available).
- Provide medical examinations and training when required by OSHA standards.
- Post, at a prominent location within the workplace, the OSHA poster (or the state-plan equivalent) informing employees of their rights and responsibilities.
- Report to the nearest OSHA office all work-related fatalities within 8 hours, and all work-related inpatient hospitalizations, all amputations and all losses of an eye within 24 hours.
- Keep records of work-related injuries and illnesses. (Note: Employers with 10 or fewer employees and employers in certain low-hazard industries are exempt from this requirement.)
- Provide employees, former employees and their representatives access to the Log of Work-Related Injuries and Illnesses.
- Provide access to employee medical records and exposure records to employees or their authorized representatives.
- Provide to the OSHA compliance officer the names of authorized employee representatives who may be asked to accompany the compliance officer during an inspection.
- Not discriminate against employees who exercise their rights under the Act.
- Post OSHA citations at or near the work area involved.
- Each citation must remain posted until the violation has been corrected, or for three working days, whichever is longer.
- Post abatement verification documents or tags.
- Correct cited violations by the deadline set in the OSHA citation and submit required abatement verification documentation.

OSHA encourages all employers to adopt an Injury and Illness Prevention Program.

Injury and Illness Prevention Programs, known by a variety of names, are universal interventions that can substantially reduce the number and severity of workplace injuries and alleviate the associated financial burdens on U.S. workplaces. Many states have requirements or voluntary guidelines for workplace Injury and Illness Prevention Programs. Also, numerous employers in the United States already manage safety using Injury and Illness Prevention Programs, and we believe that all employers can and should do the same.

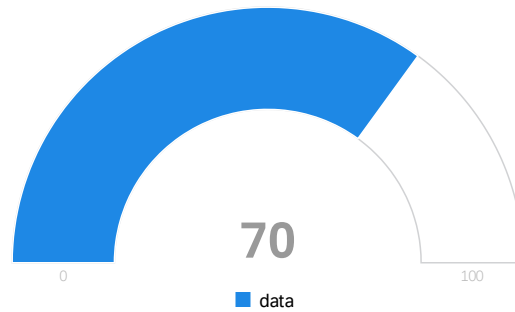
Most successful Injury and Illness Prevention Programs are based on a common set of key elements.

These include:

- management leadership
- worker participation
- hazard identification
- hazard prevention and control
- education and training
- program evaluation and improvement

OSHA's Injury and Illness Prevention Programs topics page contains more information including examples of programs and systems that have reduced workplace injuries and illnesses.

## Fire Safety - Potential Score of 100



### Fire Safety

As part of the OSHA requirements, employers need to protect their employees from fire hazards. What does this include?

Employers should train workers about fire hazards in the workplace and about what to do in a fire emergency. If you want your workers to evacuate, you should train them on how to escape. If you expect your workers to use firefighting (even small extinguishers) equipment, you should give them appropriate equipment they should know where an extinguisher is located and they should be trained to use the equipment safely.

Every workplace must have enough exits suitably located to enable everyone to get out of the facility quickly. Considerations include the type of structure, the number of persons exposed, the fire protection available, the type of industry involved, and the height and type of construction of the building or structure. In addition, fire doors must not be blocked or locked when employees are inside.

While not required for many businesses, it is suggested a safety committee provide guidance to a business on safety issues and report into management.

### End of Report