HR MRI Prepared for ABC Company

Critical, Major & Administrative Issues Uncovered

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By SevenStar HR

Critical Issues

- **1.07 Types of 1099 employees? Some of the categories required for you to issue a 1099 were not selected.** This includes anyone with an LLC and your attorney. Please check with your accountant regarding issuing 1099's.

- **1.08 Do all the 1099s have their own company and do you have a contract with the company? You indicated all the 1099's you generate do not have contracts with your company.** The DOL is constantly looking for ways to ensure 1099s are not being used for people who are employees. One of the things they look at is whether checks are being made out to individuals or corporations. The risk is great if DOL audits you.
  - It is recommended you require any 1099s to set up their corporation and you have a contract clearly stating they are not employees.

- **2.10 How would you describe the culture of your company**? **You indicated it is a subcontractor primarily in specialty construction. You also indicated it is family-owned and operated and multi-generational.** In order to strengthen the culture of the company we recommend:
  - Completing a formal engagement survey to determine actual engagement and developing a plan to improve it based on the survey. It has been shown higher engagement will increase customer service, quality, productivity, sales, and profitability as well as give you a happier workplace where employees are accountable.
  - Consider using the AssessTEAM™ to help employees instantly understand where they are regarding consistency, cooperation, commitment, conscientiousness, and curiosity.

- **2.11 Do you feel your company is at risk for HR governmental fines? You stated you don't know if your company is at risk.** The fact you believe you could be at risk or don't know if you are at risk means it is great you are having this HR MRI so you will know.

- **2.12 How engaged do you think your employees are? You reported that some of your employees are very engaged, and some are not.** This could be hurting revenue and profits as engagement is one of their drivers. In order to strengthen the culture of the company we recommend:
  - Completing a formal engagement survey to determine actual engagement and develop a plan to improve it based on the survey.
  - Consider using the AssessTEAM™ to help employees instantly understand where they are regarding consistency, cooperation, commitment, conscientiousness, and curiosity.

- **3.08 Are you aware of the new Overtime Laws? You answered maybe to this question.** Exempt employees must earn a minimum salary of $58,500 annually ($1,125 weekly) to satisfy one of three critical requirements to qualify as "overtime exempt". This change is a little over 50% higher than the current minimum salary level of $23,660. However, the minimum salary is just the math - whereas the "duties test" is where most employers struggle. Getting it wrong has major consequences, including liability for back wages – and sometimes, double, triple, or even quadruple back wages. Liability for a single misclassified employee earning $35,000 annually and averaging 5 hours of overtime each week could be as high as $38,000 – or $3.8 million for 100 similarly situated employees. In addition to having to pay back pay to the employee, the Fair Labor Standards Act imposes a penalty of $2,203 for every violation of the overtime law.

- **5.0 Have you experienced high turnover or inability to hire top talent? You indicated you have**. High voluntary turnover could be due to issues with the company culture, employee engagement, benefits, compensation structure, or much more. This means you could be losing your talent to the competitor. Turnover impacts profitability, production, and, often, customer satisfaction. Additionally, it's costly to recruit new talent. A recent survey by the Society of Human Resource Management (SHRM) found that the average cost per hire is just over $4,000. To attract the talent, you need to be an employer of choice offering strong leadership, competitive pay, engaged employees, meaningful work, and attractive company culture.   We recommend AssessTEAM to conduct customized employee engagement surveys.

- **5.15 Have you established annual hiring benchmarks for protected veterans as per VEVRAA? You stated you do not know.** The 2021 annual national percentage of veterans in the civilian labor force is benchmarked at 5.6%. Companies with federal contracts can also develop individual hiring benchmarks.

- **6.01 Do you have job descriptions? You indicated your company has written job descriptions for some employees.** Having measurable Key Performance Indicators or 5 top requirements of the job with rank and % of time ensures managers are setting annual employee goals appropriately, ensures no one is getting terminated for not performing a non-critical task, and can be used to set up bonus plans and is the basis of benchmarking the behaviors, motivators and soft skills the job requires.
    - Suggest using Effective Hiring's form-fill with directions to complete for each job

- **6.03 Do you have a performance management system in place to measure how your employees are performing? You did not answer the question.** Performance reviews are key in maintaining a motivated and engaged employee population. Ideally, performance reviews should be designed to support the goal and vision of the company.
    - We suggest you get a demo of The SevenStar HR, AccessTeam™ online program. The flexibility can be beneficial in successfully executing performance reviews. We include this in recurring on-site consulting projects.

- **7.05 Are your personnel records separated into these categories? You indicated some of them are separated.** Keeping personnel files for the correct length of time and segregated into separate file folders is a legal requirement. 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 that I-9s not be kept in the employee file but in a separate file altogether.

- **7.15 Do you keep I-9s in a separate file with terminated segregated from currently employed? You indicated you do not.** In accordance with US Citizenship and Immigration Services I-9, forms should always be maintained separately from personnel files and retained one year after the date employment ends. This is important because the DOL often audits I-9 files, and you want to make sure they do not have access to any other employee records. It is also recommended to keep your I-9s separate for active and terminated employees so if there are errors your exposure will be limited.

- **8.03 Has your employee handbook been reviewed by an attorney? You indicated it has not.** Having an attorney review the handbook for conflicting or confusing language or legal issues will protect you in case you are sued.

- **8.06 Do you have employees in multiple states? You stated you do have employees in multiple states.** Because you have employees in multiple states, you will need to be aware of the various state-specific employment policies and regulations that need to be applied when hiring and managing out-of-state employees. Your employee handbook must have an addendum for each state outlining these differences.

- **9.01 Does your Employee Handbook include a Conflicts of Interest Policy? You did not answer the question.** We recommend you have a Conflict-of-Interest Policy. This clarifies any case where an employee's personal interest might contradict the interest of your company. This policy should outline the rules regarding conflict of interest and the responsibilities of employees and the company in resolving any such discrepancies.

- **9.01 Does your Employee Handbook include an Outside Employment Policy? You did not answer the question.** If it is important to you as to whether employees can work either for someone else or a competitor, you need to include in your handbook what is acceptable and what is not.

- **9.01 Does your Employee Handbook include a Disability Accommodation Statement? You did not answer the question.** Every employee handbook should have a policy preventing discrimination and harassment in the workplace. These policies generally cover several protected groups including individuals with disabilities under the Americans with Disabilities Act (ADA). However, employers need to take their handbooks one step further and create a policy that addresses accommodations in the workplace for disabled applicants and employees.

- **9.01 Does your Employee Handbook include an Access to Personnel Files Statement? You did not answer the question.** While there is no federal law governing personnel files, many states have passed laws granting employees the right to view or copy at least some of the contents of their personnel records. Please make sure your handbook has the appropriate state information.

- **9.01 Does your Employee Handbook include a Whistle Blower Policy? You did not answer the question.** A Whistle Blower policy encourages employees to come forward and report suspected misconduct, illegal acts, or failure to act within the ethical conduct expected by all employees. The policy protects employees making such claims from retaliation or harm.

- **9.01 Does your Employee Handbook include an Introductory Period for New Employees? You did not answer the question.** There are pros and cons to having an introductory period if you are in an employment-at-will state. Discuss these with an attorney or consultant and if you choose to have one, include this in your manual.

- **9.01 Does your Employee Handbook include an Application Misrepresentation policy? You did not answer the question.** It is critical to have this along with the consequence of immediate termination if verified in your employee handbook.

- **9.01 Does your Employee Handbook include a policy regarding Smoking in the Workplace? You did not answer the question.** There is no federal law that governs smoking at work, so smoking regulations vary significantly from state to state. Some states prohibit smoking in indoor areas of the workplace. Some states prohibit smoking in workplaces but allow employers to designate a smoking area.

- **9.01 Does your Employee Handbook include a policy regarding Lactation Breaks? You did not answer the question.** Federal law requires employers to provide reasonable break time and accommodations for an employee nursing a child for one year after the child's birth at any time such employee needs to express the milk.

- **9.01 Does your Employee Handbook include a policy regarding the Inspections of Desks & Articles in them? You did not answer the question.** Companies usually establish a written policy that allows the company to inspect desks, lockers, and any carryout articles on the employee's person.

- **10.05 Do you get employees to sign a new Wage Theft Form each time you give them a raise? You indicated you do not.** In NY state employers can be assessed damages by the Department of Labor $50.00 per day per worker if proper notice is not given as per the Wage Theft Act. It should be given to new employees and each time you give an employee a raise.

- **11.07 Do you provide training to your employees? You stated you do not provide training to your employees.** Providing no training has many levels of risk and can cost the company a large sum of money, not only from a legal risk standpoint but also the cost of rehiring.

- **12.01 Do you have an employee termination procedure with a checklist of what must be done? You indicated you do not know.** Having no employee termination procedure is a major liability. 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 We recommend creating an employee termination procedure including a checklist of what must be done. Using an on/off-boarding software can increase your efficiency dramatically.

Major Issues

- **1.11 Have you done any communication assessments, as part of either the hiring process or team building? You indicated you have not.** One of the things you can do is use assessments to increase the likelihood of a good hire. This can reduce turnover which will cost the company a great deal of money. If you would like to calculate the cost of a bad hire, go to https://www.effectivehiring.com/mishire-calculator.

- **1.12 Does management do a "state of the company" presentation? You indicated you do not.** Communication such as a state of the company presentation from top-level management helps engage employees and studies show engagement decreases accidents and increases profitability and revenues.

- **2.03 Do you have a written vision for the company that you are willing to share? You indicated you do not.** Not having a written vision for the company means you do not have a guideline for your leadership to use to ensure major decisions are being made in a way that will support that vision.

- **2.04 Do your employees know your Company's Vision and their places in helping achieve the vision? You indicated your employees might or might not know the company's vision.** Not having employees aware of the vision can cost the company from decisions being made improperly.

- **2.06 Are you happy with how quickly the company is achieving your vision? You stated maybe.** If you are not happy with how quickly the company is achieving your vision, first ask yourself, "Do my employees know the Vision of the organization? If so, are major decisions looked at in light of achieving the Vision." Your mission, vision, and values are the baton of your company. Keep your Vision top of mind with your employees. Set goals for the organization that focuses on the Vision achievement. Have your employees set individual goals that help you achieve the company goals and thus the Vision.

- **2.08 Do you have employee development programs that support company goals/vision? You answered you have no development program that supports the company goals/vision.** The Vision keeps the Company's goals in focus. If the employees are not utilizing the Company's Vision to help them in their decision-making, you may end up having the company go in the wrong direction. Training programs should all be looked at as to whether you are training to help the company achieve its vision.

- **2.9 What is your philosophy on doing performance reviews? You did not answer this question.** Performance reviews are key in maintaining a motivated and engaged

employee population. Ideally, performance reviews should be designed to support the goal and vision of the company. The SevenStar HR, AccessTeam™ process can be beneficial in successfully executing performance reviews

- **2.13 Do you do a Strategic HR human capital plan? You indicated you do not plan for HR needs.** We believe it is important for companies to do an annual HR plan in conjunction with their annual operating plan. This would include planning for staff, benefits, training, and employee engagement for example. In this way, the vision of the company can be taken into account rather than making decisions to hire on an individual job title basis or on the fly.

- **3.06 Do your employees sign confidentiality agreements? You indicated they do not.** The purpose of a confidentiality agreement is to protect business information you share with employees from being shared with people outside of the contract for a designated period. For a confidentiality agreement to take effect, your employees must sign them. A non-solicitation agreement unlike a non-compete is upheld in the courts and restricts a former employee from soliciting either (a) employees or (b) customers of a business after leaving the business. We feel this is a major issue to protect you in the future.

- **3.07 Do your employees sign non-solicitation agreements? You indicated they do not.** If employees don't sign a non-solicitation agreement you may lose clients, and employees if they leave your organization. A non-solicitation agreement unlike a non-compete is upheld in the courts and restricts a former employee from soliciting either (a) employees or (b) customers of a business after leaving the business. We feel this is a major issue to protect you in the future.

- **5.02 Does your application request a social security number be entered? You indicated it does.** Each state has laws about what you can and cannot have on an application for a position. Since you are required to maintain applications for jobs for one year, we suggest you do not ask for social security numbers until someone becomes an employee. This will save you the risk of the cost of dealing with a breach in security and resulting in identity theft.

- **5.07 Does each type of position have a job file that has key accountabilities**? **You did not answer the question.** Having a job file for each job type indicating the behaviors, soft skills, motivators, ad for placement, interview questions, assessments needed, etc. not only increases efficiency but also reduces the legal discrimination risk of not asking the same questions for each person.
- **5.07 Does each type of position have a job file that has interview questions with a recording form**? **You did not answer the question.** To ensure consistency and compliance with EEO recruiting standards during the interview process a list of questions should be prepared and asked of the candidate during the interview. The candidates' responses are recorded and maintained in the job file.

- **5.07 Does each type of position have a job file that lists the type of background checks required, and timing**? **You did not answer the question.** Standard background check categories may include i.e., residence, past employment, date of birth, etc. Based on the position a more extensive background check may be necessary.

- **5.07 Does each type of position have a job file that lists the hard skill tests required before hiring**? **You did not answer the question.** Hard skill-testing measures the skill level of a candidate to ensure they are meeting the requirements of the position.

- **5.07 Does each type of position have a job file that includes an internal job posting application form**? **You did not answer the question.** Generally, internal job postings are not required. However, if you are a federal employer or have federal contract work or have a collective bargaining contract then you are subject to an internal job posting.

- **5.08 When you hire someone, do you provide an offer letter? You indicated you do not.** An offer of employment can help set the culture and expectations and help retain employees since studies show 86% leave in the first six months. The offer letter should include such things as job title, exempt or nonexempt status, starting salary (by pay period or month) or hourly rate, work schedule, full-time or part-time classification for benefits, and start date. It also should include any conditions to which the offer is subject, such as a medical exam, drug test, and a deadline by which you expect a signed copy of the offer.
    - Consider Onboarding Software to increase efficiency, help get the employees engaged more quickly, trained more quickly, and become part of the team.

- **5.12 Once hired, do you create a Training Schedule? You indicated you do not.** A new hire is interested in learning what the company has planned in terms of learning and development so having a training schedule shows the employee the company has plans to invest in their future. The employee immediately feels as though he/she is part of the team.

- **5.12 Once hired, do you provide a Conflicting Employment Policy? You did not answer the question.** This policy establishes company guidelines relating to whether an employee can engage in outside employment that might interfere with their primary job responsibilities.

- **5.12 Once hired, do you provide a New Hire Orientation Acknowledgment? You did not answer the question.** Hiring is costly and maintaining talent and competency take planning and providing information and support. Signing an acknowledgment solidifies the process.

- **5.14 Did you receive revenue in the last three years from hiring credits and wage subsidies? You indicated your company received no hiring credits or wage subsidies**

but that you would like to. Work Opportunity Tax Credit (WOTC) is a Federal tax credit available to employers for hiring individuals from certain targeted groups such as Veterans or Long-term unemployed. We suggest expanding your ad placements to job boards that target these groups. Your Applicant Tracking System would help you do this.

- **6.05 Do you have a formal review process? You indicated you do not do reviews.** A formal review process can provide various benefits to the employee, by providing a clear path to achieving professional and personal goals, the company by the employee becoming more engaged knowing their performance and contributions are valued and the profitability of the company by reduced turnover and developing a more engaged and productive workforce. It is also the opportunity to identify and manage poor performers. The AssessTEAM performance program should be considered for this purpose.

- **7.09 How long do you keep workers' comp records after an employee is separated from the company? You indicated you keep them for 4 to 10 years.** Legally, workers' comp files should be kept for 30 years.

- **7.16 If you have >$150,000 in federal contracts, how long do you keep your VETS-4212 (VETS-100A) Affirmative Action Plans? You indicated you do not keep them.** Companies with federal contracts or subcontracts of >$150,000 are required to keep three years of their VETS-4212 reports in order to fulfill their affirmative action obligations in employment.

- **8.10 Does collective bargaining apply? Do you have union workers? You indicated you do have union workers and collective bargaining does apply to your company.** Companies with employees covered under collective bargaining units are governed by a set of rules and guidelines agreed to by the company and the union.

- **8.11 Do you have a separate handbook for union employees? You stated you do not.** Companies with both union and non-union employees will generally have two separate employee handbooks. Alternatively, they may incorporate both union and non-union into one handbook. The handbook, as in most materials, issued by the company will need to be reviewed by the union for consensus.

- **9.01 Does your Employee Handbook include a policy regarding Employment at Will? You did not answer the question.** By including the Employment at Will statement in the handbook it informs the employees that the company has the right to terminate an employee, "at will" meaning without cause, and in turn, the employee has the right to resign from the company at any time.

- **9.01 Does your Employee Handbook include a policy regarding Business Ethics & Conduct? You did not answer the question.** Employee conduct and work rules need to be clearly stated. The employer establishes where to set the bar. There are behaviors

that are illegal i.e., fighting, stealing, using or selling illegal drugs, intoxication, harassment, and there are levels of ethical conduct that should be prohibited, lying, gossip, falsifying documents, etc. Employees need to know what is unacceptable and not and the consequences of violating unacceptable conduct.

- **9.01 Does your Employee Handbook include a policy regarding Employment Category Descriptions? You did not answer the question.** Employment Classifications determine what employees must be paid overtime under the Fair Labor Standards Act (FLSA) is critical to wage and hour compliance. An employee is exempt or non-exempt. This definition should be in your handbook.

- **9.01 Does your Employee Handbook include a policy regarding Personnel Data Changes? You did not answer the question.** Employee's personnel data can affect payroll tax deduction, health benefits, contact information, etc. Employees should know who to contact to advise of any personnel changes.

- **9.01 Does your Employee Handbook include a policy regarding the Employment of Relatives? You did not answer the question.** Serious consideration should be given to hiring relatives of employees. It can create a sense of favoritism among some employees. Managing can also be challenging when it comes to disciplinary action.

- **9.01 Does your Employee Handbook include a T&E Reimbursement Policy? You did not answer the question.** Employees who travel on business should be informed of what can be expensed and the parameters for filing for reimbursement.

- **9.01 Does your Employee Handbook include a Timekeeping Policy? You did not answer the question.** Including the company requirements for timekeeping helps ensure there is no "theft" of time from your company.

- **9.01 Does your Employee Handbook include a Termination Policy? You did not answer the question.** A termination policy is a written document that details how a termination works inside your organization. You need to have a policy and refer to it in your handbook.

- **9.01 Does your Employee Handbook include Work Schedules? You did not answer the question.** It should be clearly stated the hours of operation for the office, warehouse, building, etc. The various shifts offered at the company include start and end times as well as break times. with Guidelines for reporting to work on time, taking breaks, and calling out may be included in this section. Employees need to know what is expected of them when reporting to work.

- **9.01 Does your Employee Handbook include an Attendance and Lateness policy? You did not answer the question.** You should include an attendance policy in your handbook. An attendance policy is a document that tells employees exactly how various issues such as tardiness, no-shows, early outs, no call-no shows, and different types of leave will be handled. They often outline a progressive discipline policy for attendance infractions as well.

- **9.01 Does your Employee Handbook include an Overtime policy? You did not answer the question.** While overtime rules for non-exempt people are the law, you may choose to state what the company wishes including things like "no overtime without management approval.

- **9.01 Does your Employee Handbook include a Break policy? You did not answer the question.** While the FLSA does not require employers to provide meals or breaks to employees, if you do provide less than a 20-minute break, they require you to pay for it. Each state has different laws so make sure you include your state's requirements in your handbook.

- **9.01 Does your Employee Handbook include a policy regarding the use of computers for personal use? You did not answer the question.** Using the internet to complete company business has become ubiquitous. Having a policy about using it for personal use is important to establish ownership of all data, and downloads, maintaining your values and protecting yourself from copyright infringement is imperative.

- **9.01 Does your Employee Handbook include a policy regarding cell phones, internet, emails, incoming calls, and texting? You did not answer the question.** You need to include a complete communication policy in your handbook. This should cover instances when communication should be formal or informal, Face-to-face, texting, tweeting, or social media, and include guidelines for different channels.

- **9.01 Does your Employee Handbook include a policy regarding the use of equipment and vehicles? You did not answer the question.** Employees responsible for using company equipment and vehicles will need to follow company policy which may include signing in and out for the use of equipment or obtaining and maintaining certain licensing that may be required to operate company vehicles.

- **9.01 Does your Employee Handbook include a Workplace Monitoring policy? You did not answer the question.** Employers generally are allowed to monitor your activity on a workplace computer or workstation. Since the employer owns the computer network and the terminals, he or she is free to use them to monitor employees. We suggest you include a statement about cameras, emails, and computer keystrokes. It is better to tell them to prevent misconduct than to use monitoring to catch someone doing something wrong.

- **9.01 Does your Employee Handbook include a Leave of Absence policy? You did not answer the question**. In some instances, an employer is not only required to provide employees with the leave but must also pay the employee for their time off. An employer may also be prohibited from requiring employees from taking a paid vacation or sick leave as a substitute for other types of leave, such as jury duty leave and voting leave. These should be spelled out in your handbook and cover state and federal laws.

- **9.01 Does your Employee Handbook include a policy regarding personal appearance & dress code? You did not answer the question.** Personal appearance and dress code guidelines need to be communicated to all employees. The company sets the standards, whether it includes specific clothing or a style of dress. Personal appearance is standard, employees are expected to report to work every day clean, from head to toe, pressed, supported by the use of hygiene products. Included should be a statement indicating modifications to the policy are made to accommodate religious requirements.

- **9.01 Does your Employee Handbook include a Resignation Policy? You did not answer the question.** Having a resignation policy provides information on what is expected during this process from both the employee and employer. There should be a checklist verifying personal information, final pay, COBRA, 401k, outstanding PTO, collection of company property/ ID, etc. Consider a formal exit interview for voluntary termination.

- **9.01 Does your Employee Handbook include a Solicitation Policy? You did not answer the question.** Who doesn't love Girl Scout cookies and shopping, really? Usually, in-office solicitations are for causes or products we love, and it's being sold by colleagues we enjoy. Doing so is a company timewaster so having a policy on solicitation is a plus.

- **9.01 Does your Employee Handbook include a Progressive Discipline Policy? You did not answer the question.** When setting expectations for employees in your handbook, having a progressive discipline policy is important. Progressive discipline is the process of taking progressively stricter action when an employee fails to correct a problem in their performance or behavior after being given reasonable time to do so.

- **9.01 Does your Employee Handbook include a Workplace Etiquette Policy? You did not answer the question.** The company should establish guidelines for workplace etiquette. What is expected when answering the phone, and communicating with employees, vendors, and customers. Etc.

- **11.03 Who has the fiduciary responsibility for the 401k plan results? You indicated your company does.** Many retirement plan sponsors are under-informed about their ongoing fiduciary duty when making decisions regarding their 401(k) plan. The Supreme Court case Tibble v. Edison International affirmed that plan sponsors have

ongoing fiduciary responsibilities to put the financial interests of plan participants above their own unless they delegate these responsibilities by appointing a qualified financial professional under Section 3(21) or Section 3(38) of the Employee Retirement Income Security Act (ERISA). Please check with your 401k provider to ensure they are taking fiduciary responsibility.

- **11.07 Do you provide sales management training to your employees? You stated you do not provide sales management training for your employees.** Often companies promote the best person in an area to be managers but do not provide them with the training needed. This often leads to dissatisfaction with the manager and can cause you to terminate a good employee.

- **15.03 Are employees exposed to any toxic substances (including cleaning supplies or bleach)? You indicated they are.** All employers with hazardous chemicals in their workplaces must have labels and safety data sheets for their exposed workers, and train them to handle the chemicals appropriately. The training for employees must also include information on the hazards of the chemicals in their work area and the measures to be used to protect themselves.

- **15.05 Are signs concerning exits, room capacities, floor loads, biohazards, exposure to x-ray, microwave, or other harmful radiation or substances posted where appropriate? You stated you do not know.** OSHA requires signs concerning exits; room capacities; floor loads; biohazards; exposure to X-ray, microwave, or other harmful radiation or substances posted where appropriate.

- **15.08 Are operating permits and records up to date for such items as elevators, air pressure tanks, and liquefied petroleum gas tanks? You indicated you do not know.** It's recommended that you keep your records and operating permits up to date for such items as elevators, air pressure tanks, and liquefied petroleum gas tanks.

- **15.14 Are you keeping your employees advised of the successful efforts and accomplishments you and/or your safety committee have made in ensuring they will have a workplace that is safe and healthful? You indicated you are not.** Using your judgment, the findings of the safety committee monthly meetings should be published to the employees. Ensuring the employees of the company's commitment to providing a safe work environment.

- **16.05 Is the fire alarm system/sprinklers checked weekly/periodically, as required? You indicated you do not know.** Fire alarm testing must be carried out every week. This will usually be carried out by a responsible and skilled person assigned by the owner of the commercial premises.

Administrative

- **2.07 How long can you be away without checking in? You indicated you can only be away for less than a day without checking in.** We recommend putting a plan together to allow you to be away between a week and two weeks to improve your work-life balance and to increase the value of your company.

- **3.09 Our company has a written organization chart, which is available to employees? You indicated you do not have an organization chart.** Without a formal organizational structure, employees may find it difficult to know who they officially report to in different situations, and it may become unclear exactly who has the final responsibility for what. Organizational structure improves operational efficiency by providing clarity to employees at all levels of a company. By paying mind to the organizational structure, departments can work more like well-oiled machines, focusing time and energy on productive tasks. A thoroughly outlined structure can also provide a roadmap for internal promotions, allowing companies to create solid employee advancement tracks for entry-level workers.

- **5.07 Does each position have a job file that has an Ad Sample? You did not answer the question.** Having a job file for each job type indicating the behaviors, soft skills, motivators, ad for placement, interview questions, assessments needed, etc. not only increases efficiency but also reduces the legal discrimination risk of not asking the same questions for each person.

- **5.07 Does each position have a job file that has telephone screening questions? You did not answer the question.** To ensure consistency and compliance with EEO recruiting standards during the interview process a list of questions should be prepared and asked of the candidate during the telephone screening.

- **5.07 Does each position have a job file that lists other assessments required before hiring? You did not answer the question.** Understanding the communication style, motivators and other behaviors may be beneficial in determining if the candidate is right for the position.

- **5.07 Does each position have a job file that states whether reference checks are required? You did not answer the question.** The decision is determined by the type of position.

- **5.12 Once hired, do you obtain an agreement to sign out any tools or equipment that must be returned? You indicated you do not.** We suggest you set up a process to sign

out tools that must be returned. This should be kept in the employee non-confidential file and updated if things are added. This allows a checklist if the employee terminates.

- **5.12 Once hired, do you provide a Background Authorization Form? You did not answer the question.** It is suggested you do background checks on candidates you have decided to hire. While you are only required to have an authorization form if you do credit checks, we suggest for your protection to get them before doing any background check.

- **5.13 Do you have a new employee orientation program? You indicated you do not.** A New Hire Orientation program is the gateway to success for your new hire. In addition to the on-boarding documents being reviewed, the company culture, vision, and mission statements are shared and discussed. The program should be comprehensive and supply the new hire with valuable information from both the HR Department and/or the Hiring Manager resulting in the new employee feeling they are part of the team. Not onboarding employees correctly may cause you to lose new employees who are not made to feel part of the team or whose critical documentation in onboarding was missed.
    - Recommend you have an onboarding software demo

- **6.04 Do you have a merit increase process? You indicated you do not.** There should be a formal process for issuing merit increases, including when the increases are issued, the criteria to determine the eligibility and amount of the increase, written recognition, and budgetary constraints. Tying the increase to the salary range for each position helps ensure a flat fee is not given across the board which can lead to salaries far above the maximum salary range in your area. When you meet with employees to do their review and give them their increases at the same time, generally they are not focused on the review portion but are thinking blah, blah, blah, wonder what my raise is going to be. We suggest these be done at separate times.

- **7.02 Do you allow employees access to their personnel files? You indicated you do not.** The requirements vary by state but, as a general rule, employees will likely need to be granted access to their job applications, documents reflecting compensation, job descriptions, performance evaluations, disciplinary records, and, if relevant, termination notices. It is important when allowing multiple people to remove the file from the locked cabinet, to have a policy on who has access to which file and to have a control mechanism to manage the policy on who has access to which files and to have a control mechanism to manage the removal of files.

- **7.04 Do you have a control mechanism to take files out of the file drawer? You indicated you do not.** The requirements vary by state but, as a general rule, employees will likely need to be granted access to their job applications, documents reflecting compensation, job descriptions, performance evaluations, disciplinary records, and, if relevant, termination notices. It is important when allowing multiple people to remove

files from the locked cabinet, to have a policy on who has access to which files and have a control mechanism to manage the policy of who has access to which files and to have a control mechanism to manage the removal of files.

- **8.08A Are current and previous employee handbook acknowledgments segregated? You indicated you do not know.** You should require an acknowledgment for receipt of your employee handbook. You don't want to end up in court someday, trying to convince the jury that your employee did indeed know of a policy when they started work, even though they didn't sign an acknowledgment. All handbook acknowledgments should be maintained in the employee general file.

- **9.01 Does your Employee Handbook include a Reference Check Policy? You did not answer the question.** The majority of companies have reference policies that only allow employers to provide the individual's last title and dates of employment when someone calls on a reference check. It is important to set the policy so an employee does not give a negative reference that could open you up to a lawsuit for defamation.

- **9.01 Does your Employee Handbook include a Salary Administration Statement? You did not answer the question.** By including a salary administration statement, it provides the employee information that defines the process for how wages and salary levels are structured. Additionally, it supports the Equal Pay Act.

- **9.01 Does your Employee Handbook include a Performance Evaluation Statement? You did not answer the question.** It is helpful to include the company's philosophy on performance reviews. Once this is included in the manual it is important to follow this philosophy.

- **9.01 Does your Employee Handbook include a Bereavement Leave Policy? You did not answer the question.** This policy gives employees time off to mourn the loss of an immediate family member. It can also be designed to include family outside of the immediate family.

- **9.01 Does your Employee Handbook include a Pay Advances Policy? You did not answer the question**. If the company offers pay advances this should be included so employees are aware of the eligibility and process for requesting the advance.

- **9.01 Does your Employee Handbook include a policy regarding children in the workplace? You did not answer the question.** Any children visiting the workplace should be treated as a "visitor". This means any injury or incident experienced by the child is going to be handled as if the child was a vendor or client. There should be a record of the child entering the building and leaving the building. This could be a liability situation and precautions should be taken.

- **9.01 Does your Employee Handbook include an Emergency Closing policy? You did not answer the question.** Employees need to know the protocols for when the company closes unexpectedly. In addition to providing the information in the employee handbook, the information should be posted in a highly visible area of the company with phone numbers, email addresses, and any detailed instructions based on the business.

- **9.01 Does your Employee Handbook include a policy regarding the taking of company materials out of the company? You did not answer the question.** There should be a written statement regarding removing materials from the company. In some cases, employees may need to bring work home and require taking company material/equipment off-premises. In that case, a procedure should be established with sign-out sheets and approval by management.

- **9.01 Does your Employee Handbook include a policy regarding the acceptance of gifts? You did not answer the question.** Employees occasionally receive gifts from vendors or clients. By placing parameters and a monetary amount on acceptable gifts, if that is the company's policy, will eliminate the cause for confusion or misconduct.

- **10.01 Is your payroll processed by an outside vendor who issues the paychecks? You indicated it is not.** We suggest you use an outside payroll provider for a variety of reasons:
    o It will help ensure you stay in compliance with the time frames to make IRS deposits helping prevent fines
    o Reduces one more tension of owning a business
    o It will prevent errors
    o Saves you time doing the tedious work of entering data
    o Allows you to spend time away from the business with the security of knowing your employees will be paid
    o Helps ensure regulatory compliance
    o Improves security for sensitive employee & company data.

- **11.07 Do you provide sales training for your employees? You stated you do not provide sales training for your employees.** Sales training is a process, not a destination. If you have sales reps, to increase sales, you should provide sales training.

- **15.02 Are emergency telephone numbers posted where they can be readily found, in case of emergency? You indicated you do not.** While OSHA is generally thought of for manufacturing companies, OSHA requires certain things for maintaining employee health and safety. One of the things they require is that emergency telephone numbers be posted where they can be readily found in case of emergency. We suggest you refer to the OSHA list of employer responsibilities.

- **16.03 Are there fire doors or shutters that close if an alarm is triggered? You indicated you do not know.** Because state and local code requirements differ, we suggest you research your local codes and determine whether you comply.

- **16.10 Are employees periodically instructed on the use of extinguishers and fire protection procedures? You indicated they are not.** We recommend you call your local fire department and ask them to give your people training on fire extinguishers while having a once-a-year fire drill.