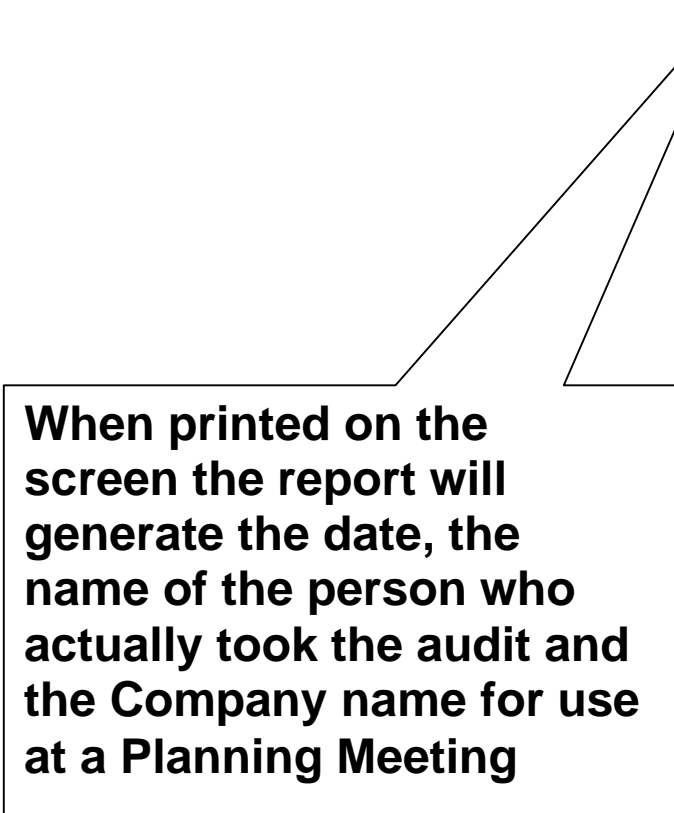


Employment Practices/HR Audit Results

Compiled

for

ATTN:



When printed on the screen the report will generate the date, the name of the person who actually took the audit and the Company name for use at a Planning Meeting

Table of Contents

The table of contents lists briefly the over 70 pages of helpful text for any HR Practitioner.

INTRODUCTION TO THE AUDIT

AUDIT SECTION 1 - FIRM DESCRIPTION - GENERAL INTRODUCTION TO YOUR COMPANY

SO MANY THINGS ONE SHOULD KNOW ABOUT YOUR COMPANY

- As a primer, can you describe the very basics of your company's business and overall profile?
- An overview of employee leasing
- Understand your industry. Are you aware of your governmental classification and its impact on your business model?
- Is your company a single or multiple employment site?
- Are you or do you plan on becoming a government contractor?
- How diverse is your employee base?
- A quick look at your insurance coverages, "General Liability-Employee-related"

AUDIT SECTION 2 - RECRUITMENT - THE FOUNDATION OF A WORKFORCE - EMPLOYEE SELECTION

ROUTINE, DAY-TO-DAY MATTERS TO CONCERN ONESELF

- We advertised for applicants, but not these, now what?
- A first step, have you reviewed or have your own employment application?
- Next? What should I do with all those applicants who apply even when we are not hiring?
- What resources are available to help me find employees?
- The government and affirmative action/EEO...are we in need or ready for this?
- What is your company's position relative to a professional Human Resources component?
- When you finally get candidates to consider working for you, is there a good way to find out who is a good fit?
- Properly trained managers can be very helpful in hiring the right people
- There! We like this one, but aren't sure about testing the candidate. What can/should we do?
- What do you need to know and simply want to know about your candidate's past?
- The health of a candidate and the impact on selection, how far do you go?
- What happens when you look at a candidate and now decide not to hire?
- Should one consider a written document to inform the candidate about the fact that they have been "hired"?
- You have heard quite a bit about termination "for cause", but need more
- What about the hiring of those close...like family members? What concerns should you have?

AUDIT SECTION 3 - APPLICATION FORM - YOUR COMPANY'S FORMAL PAPER PROCESS THINGS TO CONSIDER WHEN YOU PUT IT ON PAPER

- What you need vs. what you want
- Falsification of application record
- Applicant testing, permission requested

AUDIT SECTION 4 - REFERENCE CHECKING - IN TODAY'S WORLD, EVERYTHING NEEDS TO BE CHECKED

A GOOD OFFENSE IS A GOOD DEFENSE

- Is looking into a candidate's past employment of any real value?
- What about their references? Do I really get anything or is it just an exercise?

AUDIT SECTION 5 - EMPLOYEE HANDBOOK - A BIT ABOUT YOURS

YOUR EMPLOYEE HANDBOOK - THERE IS ALWAYS SOMETHING TO RETHINK

- Some may refer to it as "word smithing"
- A well-designed handbook strengthens the entire workplace approach and attitude
- There are so many ways to approach discipline
- Establish a solid method for communicating policies and practices, it pays dividends
- How does your area treat the employment-at-will position

AUDIT SECTION 6 - DISCRIMINATION - IN ANY FORM CAN ONLY LEAD TO DIFFICULTIES TODAY'S WORKFORCE PRESENTS A VARIETY OF SENSITIVE ISSUES

- Your workplace may in fact be impacted by the religious beliefs and practices of others
- Sometimes employees need to follow a specific dress code or may even need to wear some sort of uniform
- If you have legal actions pending, maybe you need to revisit company policy
- Again, your written position to your employees about discrimination is critical

AUDIT SECTION 7 - SEXUAL HARASSMENT - A HARMFUL BEHAVIOR

SOME OF THE CRITICAL COMPONENTS REGARDING SEXUAL HARASSMENT

- The written word from management
- If this takes place, who and how should you approach the matter?
- Under no circumstances can you tolerate retaliation
- Training of employees and management
- Management responsiveness/responsibility

AUDIT SECTION 8 - A DRUG-FREE WORKPLACE - THE ACT AND YOUR COMPANY' DRUG ISSUES AND THE OVERALL EFFECT ON WORK PRODUCTIVITY

- First, you must state your position and clearly communicate it

- Employees must declare in the event that they have a conviction
- How one deals with this workplace dilemma can vary
- Always remember the privacy of each and every employee
- Sometimes the concept of "retool" over replacement comes evident
- Is termination an option?
- If you have union present, have you asked for their assistance in this matter?

AUDIT SECTION 9 - INFECTIOUS DISEASES - THEY COME IN A VARIETY OF FORMS WE ARE ALL DEPENDENT ON MAINTAINING EFFECTIVE INFECTIOUS DISEASE CONTROL

- Do not ignore establishing your company's position and overall implementation of a program
- Once again, it is extremely important to maintain employee confidentiality

AUDIT SECTION 10 - JOB PERFORMANCE - WORKPLACE QUALITY CONTROL AND THE SYSTEMS THEMSELVES

IT IS CRITICAL TO DETERMINE THE MANAGEMENT POSITION AND DIRECTION

- Creation of clearly designed work duties and requirements provide the foundation for solid employee/employer relations
- No one has said the evaluation of a worker is easy, but it is in your best interest
- Train employees, supervisors, and managers to understand the value of performance review
- The job becomes a burden if we all don't complete our reviews in a timely fashion

AUDIT SECTION 11 - TERMINATION - EFFECTIVELY IMPLEMENT YOUR COMPANY'S PROCESSES

THERE COMES A TIME WHEN TERMINATION IS THE ONLY OPTION REMAINING

- Make certain you have outlined your disciplinary policy and educated all of your employees so there are no surprises
- What constitutes the need for more severe discipline, just what has the employee done?
- If you have decided to "Term" be diligent and do not act hastily
- Have you developed a solid disciplinary review administration
- Before the employee leaves, have you thoughts of an exit interview?

AUDIT SECTION 12 - UNEMPLOYMENT - ASPECTS OF MANAGING A COMPANY MANAGERS NEED TO UNDERSTAND THE UNEMPLOYMENT PICTURE

- A quick look at the legalities of unemployment
- Keeping management up to date on changes will save operational costs
- What is progressive discipline and its effect on the unemployment picture?
- Is it different for those who simply quit?

AUDIT SECTION 13 - LEAVES OF ABSENCE - THE OVERALL EFFECT ON WORK

LEAVES OF ABSENCE HAVE BECOME A COMMON OCCURRENCE AND NEEDS TO BE CAREFULLY MONITORED

- Understand the entire concept of family medical leave
- Employees have a duty to inform their employer of the need for a leave
- Your company is more than likely affected by FMLA compliance
- Employee documentation/evidence for leave need
- Pregnancy leave
- Military leave

AUDIT SECTION 14 - WAGE & HOUR - WHAT AND HOW ONE GETS PAID INFLUENCES PERFORMANCE OUTCOMES

ONE OF THE PRIMARY REASONS TO WORK AT YOUR COMPANY. THE MONEY TO BE MADE.

- I know independent contractors are dealt with differently, right?
- We use overtime and sometimes can become confused about the rules
- Communicate/post federal wage & hour materials
- Determining exempt status
- Exempt salary deductions
- Work time and overtime
- Compensatory time
- We don't use many employees under the age of 18
- Disciplinary action & child support

AUDIT SECTION 15 - EMPLOYEE BENEFITS - THE CRITICAL ADD ON TO COMPENSATION

- Federal & State Guidelines

AUDIT SECTION 16 - GENERAL COMMENT SUPPLEMENT/ANALYSIS

- Overall Employment Practices/HR Results – Graph 1
- Employer risk level assessment scoring
- HR Results vs. Overall Average – Graph 2
- HR Results vs. Industry Average – Graph 3
- HR Results vs. Average by Company Size – Graph 4
- HR Results vs. Average by Department Size – Graph 5

EMPLOYEE BENEFITS ANALYSIS

- Comparison of Paid Time off Overall – Graph 6
- Comparison of Paid Time off by Company Size – Graph 7
- Comparison of Paid Time off by Industry Type – Graph 8
- Comparison of Insurance Program Overall – Graph 9

- Comparison of Insurance Program by Company Size – Graph 10
- Comparison of Insurance Program by Industry Type – Graph 11
- Medical Program "Employee only" - Overall – Graph 12
- Medical Program "Employee only" – Company Size – Graph 13
- Medical Program "Employee only" – Industry Type – Graph 14
- Medical Program "Employee Plus 1" – Overall – Graph 15
- Medical Program "Employee Plus 1" – Company Size – Graph 16
- Medical Program "Employee Plus 1" – Industry Type – Graph 17
- Medical Program "Family" - Overall – Graph 18
- Medical Program "Family" – Company Size – Graph 19
- Medical Program "Family" – Industry Type – Graph 20
- Retirement Program - Overall – Graph 21
- Retirement Program – Company Size – Graph 22
- Retirement Program – Industry Type – Graph 23

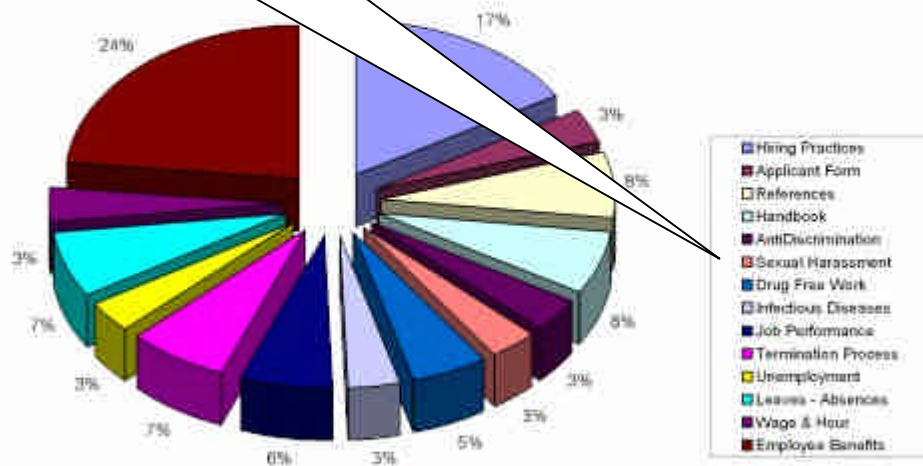
Introduction to the Audit

The Human Resources Audit was conducted in order that you may ascertain your current employment practices and procedures. The assessment, although lengthy, is not to be considered comprehensive. By reviewing the basic elements of Human Resource duties and responsibilities and your management's position on various items it is reasonable to determine the level of risk the company faces. The audit itself has been broken into three parts:

- **A section description** – a brief, one or two paragraph, explanation of the audit section;
- **Selective commentaries** – specific comments about each and every question in the audit itself;
- **A General Comment Supplement/Analysis** – containing the audit analysis and results of findings; and

To follow is a pie chart representing the audit components as they relate to the total review mechanism. Employee Benefits at 24% and Hiring Practices, at 17%, are the leading investigated items in this audit. Employer practices in several areas bunch at the 9% through the 7% levels.

**There are 16 areas
of analysis
completed in less
than 30 minutes**



Areas that are noticeably absent include: immigration law compliances, the Americans With Disabilities Act, specific employment practices relative toward the development of employer-employee relations,

efforts to control workplace violence, and larger employer environments involving the closure practices of facilities.

It is suggested that upon receipt of this report, that management personnel review the findings and determine a plan of action for future administrative activity.

Audit Section 1 - Firm Description - General Introduction to Your Company

An endless challenge for companies in the business world is to maintain competitive. This ultimate business strategy is constantly challenged as the employment environment changes. Governmental regulations, and social influences are a constant force in the actual design and implementation of corporate policy and management position.

It goes without saying that each and every corporate entity has its “own way of doing business”. Regardless of the individuality of any corporation, each an every business enterprise must take into consideration the most fundamental aspects of its very profile. A company’s product line/industry type, the diversity of the workforce, and geographic location(s) strongly influence the organizational development and the employer/employee relationship.

By including your company’s overall composite we will facilitate all answers with those who have also decided to utilize the Employment Practices/Human Resources Audit as an additional strategic planning resource for your company’s management team. It is our intention to provide you with a snapshot of information that will aid you in the identification of areas your management team will utilize in future corporate policy and practice.

So many things one should know about your company

As a primer, can you describe the very basics of your company's business and overall profile?

Although previously stated, one must consider the actual profile of the company’s employee population. Be rest assured that as a company grows in size and number of employees, there is a direct and proportional effect to the complexity of a diverse workforce, establishment of fair and compensable pay structures, and the availability of employer-sponsored benefits. As companies determine the correct operational procedures for utilizing its equipment and product mission, it will become increasingly evident to concentrate on their human resources applications and policy development. Furthermore, governmental regulations begin to influence daily work routine. EEO-1 forms that require the very demographic construct of the workplace become an ongoing human resources work matter.

To meet the challenges of today’s business environment, organizations are searching for new ways to improve the human resource return on investment (ROI). Such changes require a plan and a system that will monitor and control the cost of engaging human capital. To be successful, an infrastructure is required to support effective decision-making in an organization. An effective system that is cost-effective and delivers quality staffing services to the organization requires the integration of data and knowledge from all channels affecting profitability; e.g., suppliers, internal processes and customers. Organizations are learning to fine-tune the use of their intranets and the Internet to disseminate information to their customers both internally and externally. Systems must be able to facilitate the intelligent dissemination of the information and promote collaboration to meet organizational objectives.

An overview of employee leasing

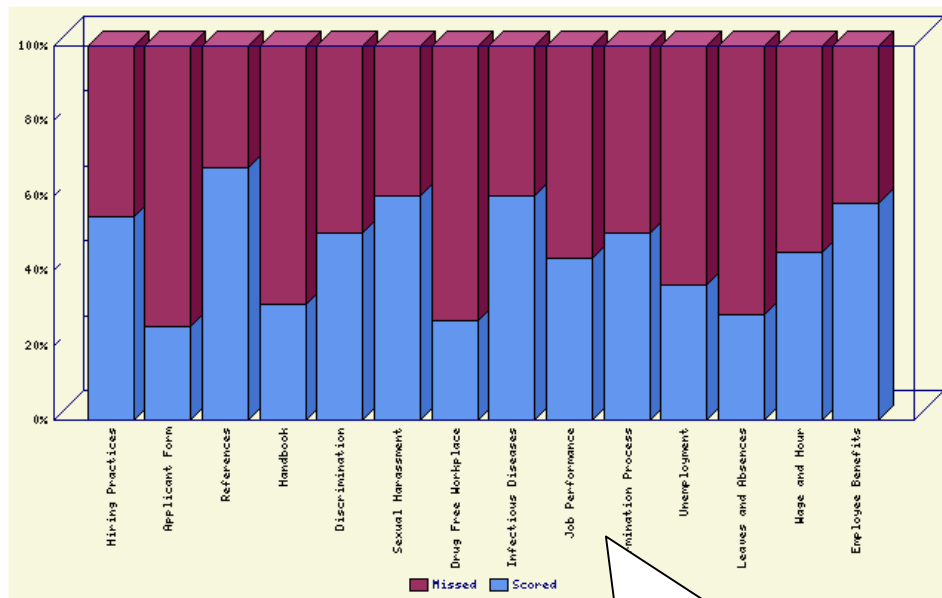
Contingent workers are also referred to as "contractors," "temporaries," "flexible staff," and "alternative workers," to name a few. It may be clearer to state what a contingent worker is not ... contingent workers are neither full-time regular nor part-time regular employees. They may be defined as non-company employees. Some common definitions or groupings of contingent workers are: Contractor, Suppliers of outsourced services, Temporary Staffing and Employee Leasing.

A leasing firm (sometimes called a professional employer organization) employs, pays and otherwise maintains the employees and leases them to the client company. The PEO provides the total human resource functions for these employees and charges the client company a fee to do so. At first glance, employers might presume no one outside the company is interested in how the company classifies and manages its workers. Wrong! As with many other aspects of the business, there are numerous outside entities and laws involved in how you classify and manage workers, whether they are actual employees or contingent workers! Some of these include the Internal Revenue Service (IRS) and the Department of Labor (DOL). The impact of external focus on how a company defines and categorizes its labor pool can be dramatic. Misclassification of a worker can have significant consequences. The company may be liable for payroll taxes, income and employment taxes that were not withheld, along with any penalties and interest. In addition, the company may be required to retroactively cover the worker in employee benefit

**A Sample of
the 23 Graphs &
Charts included in the
EP/HR Audit**

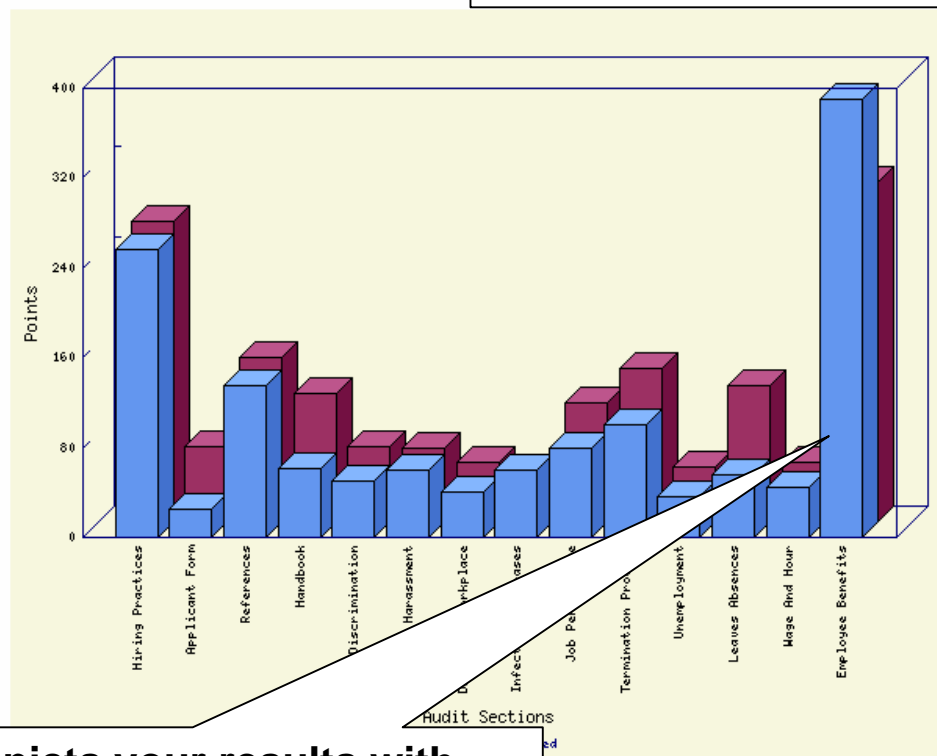
Follows...

Overall Employment Practices/HR Results – Graph 1



This graph is a result of your responses against the model. No other comparisons are done in this view.

HR Results vs. Average by Company Size Graph 4



This graph depicts your results with companies of like employee size. In this example, the company appears to have concentrated a great deal of their work in the area of Employee Benefits.