

Employment Practices Audit: 5 Areas to Review

By Anthony Zaller February 4, 2021

1. Hiring Practices

- Do employment applications seek appropriate information?
- Are new hires provided notice of, and acknowledge, required policies?
- Are hiring managers trained on the appropriate interview procedures and questions?
- Does the company provide employees with arbitration agreements with class action waivers?

2. Records

- Employee files, time records, wage statements and schedules are maintained confidentially and for at least four years.
- Do managers have set forms on employee discipline, write-ups and tardiness?
- How are employee absences documented?
- How is the employee documentation and paperwork provided to Human Resources or the appropriate manager?
- Who is involved in reviewing disability accommodation and leave requests?

3. Wage and Hour Issues

- Does the company have its workweeks and paydays established and posted?
- Are paydays within the applicable time limits after the pay period as required under the law?
- Are employees provided with a compliant itemized wage statement and their accrued paid sick leave each pay period? Does the company save wage statements for four years? (Don't rely on payroll companies to back these up.)
- Are employees properly classified as exempt or nonexempt? Are any workers classified as independent contractors?
- Are nonexempt employees properly compensated for all overtime worked?
- Is off-the-clock work prohibited? Are managers trained on how to recognize this and take disciplinary actions?
- Does the company's time keeping system round employee's time? Is the policy legal?
- Are meal and rest period policies written in the employee handbook and are employees routinely reminded of policies?
- Are managers trained on how to administer breaks and what actions to take if employees miss meal or rest breaks?
- Is vacation and/or sick leave properly documented and tracked?
- Are all deductions from the employee's pay check legally permitted?
- Are employees reimbursed for all business expenses, such as uniforms, mileage, and cell phones?

4. End of Employment Issues

- Is final check issued on time?
- Is accrued and unused vacation time included in final paycheck?
- Does the employer deduct any items from an employee's final paycheck and are the deductions legally permitted?

5. Anti-harassment, discrimination and retaliation

- Are supervisors provided with 2 hours of sexual harassment prevention training every two years? (Required for employers with 5+ employees.)
- Are nonsupervisory employees provided with 1 hour sexual harassment prevention training by January 1, 2021, and once every 2 years thereafter? (Required for employers with 5+ or more employees.)
- Are supervisors and managers discussing the company's open-door policy to employees at routine meetings with employees? Is this being documented?



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