

# Employee Handbook Self Audit

## Introduction

Most employment relations experts agree that employee handbooks are an essential part, if not the foundation, of effective human resources (HR) management and positive employee relations. Handbooks can also play a critical role in demonstrating employment law compliance. Properly used, employee handbooks:

- Communicate policies and procedures.
- Play a key role in the orientation process for new employees.
- Serve as a valuable employee relations vehicle for educating current and prospective employees.
- Contribute to uniform and consistent application, interpretation, and enforcement of company policies.
- Protect against claims of improper employer conduct.

While carefully drafted employee handbooks can be an important part of employee relations media, handbooks that are unskillfully or improperly drafted can create organizational and legal headaches. Courts increasingly view employee handbooks as binding contracts subject to judicial enforcement. Accordingly, employers must carefully review every policy and procedure contained in a handbook to minimize potential contract claims and be prepared to update them periodically. The questions in this self-audit are designed to determine whether a handbook:

- Includes positive employee relations provisions that will improve employee morale and create a positive image of an organization.
- Educates employees regarding an organization's origin, history, and employee relations philosophy.
- Provides a mechanism for two-way communications.
- Contains the necessary protective language to minimize the threat of litigation and/or employee complaints to governmental agencies.

Handbooks that are properly drafted and tailored to an organization's needs can serve as the cornerstone of human resource management. However, improperly drafted, they can be a disruption that causes serious harm to the future well being of an organization. The questions that follow are designed to help an employer highlight the positive and negative features of an employee handbook.

## Questions

1. **Has the organization developed policies and procedures dealing with the following:**
  - Wages? Yes No
  - Benefits? Yes No
  - Employee relations? Yes No
  - Day-to-day operations and administration? Yes No
  - HR management? Yes No
  
2. **How are these policies and practices communicated to employees?**
  - Orally and by having the employee observe how an organization operates? Yes No
  - In written memos and documents given to employees and placed on bulletin boards (including Intranet bulletin boards)? Yes No
  - Through the use of a written employee handbook? Yes No
  - By posting an electronic version of the handbook on an intranet? Yes No
  
3. **If the organization has promulgated an employee handbook, what are the purposes of a handbook?**
  - To help answer the employee question: "Why should I work (or continue to work) here?" Yes No
  - To help answer routine employee questions about employment with the organization? Yes No
  - To help create positive employee relations? Yes No
  - To communicate important information to employees? Yes No
  - To contribute to organizational orderliness? Yes No
  - To comply with legal obligations and requirements? Yes No
  - To delineate the organization's employment-related prerogatives? Yes No
  - Other? Yes No

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| 4.  | <b>Has the organization assessed the employee handbook's success at meeting these objectives?</b>  | Yes | No |
| 5.  | <b>Does the employee handbook include a discussion of both the written and unwritten policies and practices of the organization?</b>   | Yes | No |
| 6.  | <b>Does the interviewer monitor comments made during the applicant interviewing process to determine if they are consistent with statements made in the employee handbook?</b>                         | Yes | No |
| 7.  | <b>Have statements made on job application forms, offer letters, and other personnel action forms been reviewed to determine if they are consistent with statements made in the employee handbook?</b> | Yes | No |
| 8.  | <b>Is an "issue date" indicated on each page of the employee handbook?</b>   | Yes | No |
| 9.  | <b>Are the policies and practices discussed in the employee handbook, the format and design of the handbook, and the methods used to distribute the handbook regularly reviewed?</b>                   | Yes | No |
| 10. | <b>Are revision dates indicated on pages of the employee handbook?</b>   | Yes | No |
| 11. | <b>Have procedures been developed to ensure that all employees receive copies of revised handbook pages?</b>   | Yes | No |
| 12. | <b>Before issuing the employee handbook, was it reviewed by the following:</b>   |     |    |
|     | • The HR department?   | Yes | No |
|     | • Senior management?   | Yes | No |
|     | • Legal counsel?   | Yes | No |

- Supervisors and/or managers? Yes No
  - A sample group of employees? Yes No
  - Other? Yes No
13. **Is the employee handbook an element of strategic HR activities?** Yes No
14. **Does the employee handbook add value to the employment brand?** Yes No
15. **Does (would) the employee handbook create a positive image and a favorable impression of the organization with the following:**
- Employees? Yes No
  - Supervisors? Yes No
  - Stockholders and investors? Yes No
  - Employment practices liability insurance (EPLI) carrier? Yes No
  - The Equal Employment Opportunity Commission (EEOC), the Office of Federal Contract Compliance Programs (OFCCP), the U.S. Department of Labor, and other governmental agencies that may have an occasion to inspect it? Yes No
  - The courts and juries? Yes No
  - Others? Yes No
16. **Have any employee surveys been conducted to determine if the employee handbook effectively communicates the organizational and/or employee relations message?** Yes No
17. **Are supervisors sufficiently well versed in the employee handbook's contents and the organization's policies and procedures to accurately answer routine employee questions?** Yes No

- 18. Does the organization have any of the following:**
- Employing units in more than one state? Yes No
  - Diversity in the types of employing units, for example, a manufacturing plant, a distribution center, a call center, a computer center, retail operations, and an office facility? Yes No
  - Both union and nonunion facilities? Yes No
  - Employees that work on government contracts? Yes No
  - A diverse workforce? Yes No
  - A combination of different employment categories, for example, regular full-time employees, as well as a significant number of part-time employees, temporary employees, contract employees, and/or independent contractors? Yes No
- 19. Is English the second language of some employees, are some employees illiterate, or do some employees have difficulty reading small type font?** Yes No
- 20. If yes to Question #19, does the organization ensure that it effectively communicates employment policies, procedures, practices, and benefits to individuals that require special language and reading consideration?** N/A Yes No
- 21. Is the employee handbook Americans with Disabilities Act (ADA) compliant?** Yes No
- 22. Do some employees telecommute?** Yes No
- 23. Is the employee handbook regularly reviewed to determine the following:**
- If the target audience for the handbook has changed? Yes No
  - If changes in the organizational structure, locations, or operations have altered the handbook's purpose, scope, or method of distribution? Yes No
  - If the information and material in the handbook is still current? Yes No

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| •          | If the information and material in the handbook is still relevant?  | Yes | No |
| •          | If the information and material in the handbook is still responsiveness to the needs of employees and other interested parties? | Yes | No |
| •          | If the information and material in the handbook is complete, i.e., does it cover all the issues that need to be addressed?      | Yes | No |
| •          | If the information and material in the handbook comply with federal, state, and local laws and HR management best practices?    | Yes | No |
| <b>24.</b> | <b>Does the employee handbook anticipate future organizational and employment issues?</b>                                       | Yes | No |
| <b>25.</b> | <b>Does the employee handbook contain a brief history of the organization?</b>  | Yes | No |
| <b>26.</b> | <b>Does the employee handbook contain a statement of the organization's employee relations philosophy?</b>                      | Yes | No |
| <b>27.</b> | <b>Is the employee handbook clear, concise, and easy-to-read?</b>   | Yes | No |
| <b>28.</b> | <b>Is the employee handbook written with a positive, personalized, upbeat tone?</b>   | Yes | No |
| <b>29.</b> | <b>Does the employee handbook use the following terms or phrases:</b>   |     |    |
| •          | “Probationary periods”?   | Yes | No |
| •          | “Permanent” employee or employment?   | Yes | No |
| •          | Explicit or implied language that an employee will only be fired for “cause,” “just cause,” or similar terminology?             | Yes | No |
| •          | “Promising future”?   | Yes | No |
| •          | “Unlimited advancement”?  | Yes | No |

- 30. Are all employees required to sign a receipt of employee handbook acknowledgement form and are these forms kept in employees' personnel files?** Yes No
- 31. Does the employee handbook include the following statement and notices:**
- A statement regarding "at-will" employment? Yes No
  - A statement that the handbook is not a contract and that nothing contained therein is intended to create or imply a contractual relationship? Yes No
  - A statement that policies, practices, procedures, and benefits, including those described in the handbook may be changed from time to time, at the employer's sole discretion? Yes No
  - A statement indicating who in the organization has the authority to enter into any agreement for employment for any specified period of time or to make any agreement contrary to an employment-at-will policy? Yes No
- 32. Does the employee handbook include the following topics:**
- A statement concerning the organization's commitment to Equal Employment Opportunity (EEO)? Yes No
  - A statement concerning sexual harassment? Yes No
  - A policy statement on the organization's labor relations philosophy? Yes No
  - A complaint procedure so that employees may register their concerns or grievances to various levels of management? Yes No
  - A drug-free workplace? Yes No
  - A code of ethics and a statement concerning a commitment to legal compliance? Yes No
  - A discussion of wage and overtime policies? Yes No
  - A discussion of a FMLA policy? Yes No
- 33. Does the employee handbook include a listing of offenses subject to disciplinary action?** Yes No

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| <b>34.</b> | <b>If yes to Question #33, are these offenses divided into major and minor categories?</b>   | N/A | Yes | No |
| <b>35.</b> | <b>If yes to Question #33, does the handbook indicate that this listing of offenses is not all-inclusive?</b>  | N/A | Yes | No |
| <b>36.</b> | <b>Does management reserve the right to discipline for other reasons?</b>  |     | Yes | No |
| <b>37.</b> | <b>Does the employee handbook contain a procedure for enforcing progressive disciplinary action?</b>   |     | Yes | No |
| <b>38.</b> | <b>Does the employee handbook in any way limit the right to discipline or discharge employees?</b>   |     | Yes | No |
| <b>39.</b> | <b>Does the employee handbook include a discussion of key employment policies, general working policies, employee development, attendance and hours of work, wages and pay related issues, and benefits?</b> |     | Yes | No |

# Appendix A

## Listing of Employee Handbook Topics

- **Welcome:**
  - Purpose of the employee handbook.
  - Corporate vision and mission.
  - Employment-at-will statement.
  - “This Handbook is not a contract statement.”
  - Reservation or rights statement.
- **Key Employment Policies:**
  - Initial period of employment.
  - Statement of equal employment opportunity.
  - General antiharassment policy, including ADA statement.
  - Sexual harassment policy.
  - Drug- and alcohol-free workplace.
  - Smoking policy.
  - No solicitation/no distribution policy.
  - Safety and health.
  - Open door policy.
  - Compliant procedures.
- **General Working Policies:**
  - Confidential information.
  - Personal appearance/dress code.
  - Standards of conduct and code of ethics.
  - Business expense reimbursement.
  - Company rules.
  - Bulletin boards.
  - Computers, electronic mail, and voice mail policy.
  - Company vehicles.
  - Personal phone calls.
  - Workplace violence policy.
  - Discipline policy.
  - Attendance policy.
  - Call-in procedures.
  - Personnel files.
  - Requirements for medical exams.
  - Use of mobile phones policy.
- **Employee Development:**
  - Performance evaluations.
  - Promotional opportunities and transfer policy.
- **Hours and Attendance:**
  - Hours of operation.
  - Employment classifications.
  - Exempt and nonexempt status.
  - Full-time and part-time employment.
  - Temporary employment.
  - Independent contractor status.
  - Absence and lateness policy.

- Severe weather and emergency situations.
- Meals and rest breaks.
- Overtime.
- **Pay Periods and Paychecks:**
  - Compliance with wage and hour laws.
  - Equal pay statement.
  - Pay periods.
  - Time keeping.
  - Deductions from pay.
- **Leaves of Absence/Time Off:**
  - Holidays.
  - Vacation and personal leave.
  - Sick leave.
  - Funeral (bereavement) leave.
  - Jury and witness duty.
  - Military reserves and National Guard.
  - FMLA leave.
- **Benefits:**
  - General benefits policy.
  - Group health insurance.
  - Disability and life insurance.
  - Retirement/savings.
  - Government required coverage.
  - Insurance premiums during a leave of absence.
  - Educational assistance and reimbursement.
- **Employment Separation:**
  - Separation of employment.
  - Reference checks-post employment inquiries.
  - Noncompete and conflict-of-interest policy.
  - Separation and last paycheck.
  - Rehire policy.
- **Agreements:**
  - Acknowledgement and receipt of employee handbook.
  - Noncompete/antipiracy agreement.