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HR COMPLIANCE
CHECKLIST

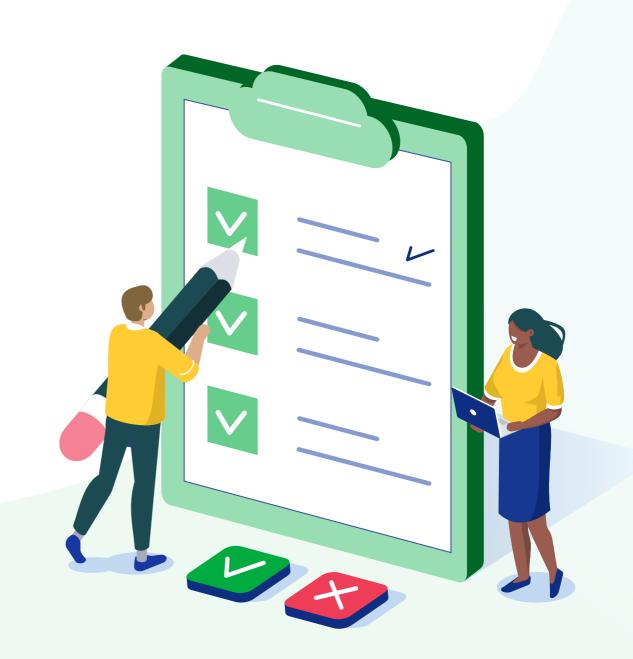## Best Practices to Create a Compliant Culture

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HR Compliance Checklist

Three things are inevitable in life. Death. Taxes. And annual compliance training. Jokes aside, having a compliance culture is essential to any organization's success.

In 2021, the financial sector spent **$5.4 billion** on fines for non-compliance and a data breach cost **$4.24 million**. Not being compliant can cost the company more than just money. When rules and regulations aren't followed, that can cause an unsafe, non-inclusive company culture, thus driving down productivity and raising turnover and stress.

Whether it's legislative, industry-specific, or internally mandated, it's vital that compliance is embedded within any business. There's a lot that goes into being compliant, so we've created this HR Compliance Checklist to your organization develop a thorough compliance culture.

✅ Hiring Practices

The first step for maintaining compliance is during the hiring process. It's vital to be extra careful when figuring out if an employee is a proper fit for the company.

☐ Recruiting Potential Employees

Here are steps to take when you have an open position and begin the hiring process:

- Job postings should be non-discriminatory, interviews should follow a script or have each candidate answer the same questions, and a standardized rubric should be used to evaluate each candidate.

- During interviews, questions should avoid topics such as religion, sexual orientation, marital status, citizenship, age (unless under 18), graduation year, or anything that could lead to a discrimination claim.

- Follow state laws on questions regarding applicant's criminal record and previous salary, and make sure to offer equal compensation for equal work.

- Written authorization is obtained for background checks, and Fair Credit Reporting Act requirements are satisfied.

- Maintain records of application forms and interview evaluations to document reasons for hiring or rejecting applicants in case of an EEOC investigation.

  - Illegal factors for not hiring someone include background checks, polygraph results, drug testing, credit checks, and medical exams, but most likely are tied to disabilities, color, ancestry, and gender.

✅ Onboarding

Once an employee is hired, there are yet more requirements.

- Make sure that each new hire completes and signs the appropriate tax, benefit, and pay forms.

- Contracts need to be signed, along with non-compete agreements.

- Follow privacy laws and data security best practices for personnel files.

- Have new hires complete any mandatory training.

☐ Employee Handbook

- Keep your employee handbook and workplace posters up to date. The handbook dictates an organization's policies and procedures and how business is conducted every day. It should include information regarding dress code and aesthetics as well as cellphone policy, social media presence, bullying, substance use, and more.

- Make sure that Code of Conduct is accurate, up-to-date, and provides clarity to employees.

- Make sure that all policies and procedures for disciplinary action and terminations are clearly defined, written, and communicated, also reviewed on regular basis.

- During terminations proceedings, discuss returning company property, present the final paycheck or inform them when they will receive it, cover Consolidated Omnibus Budget Reconciliation Act (COBRA) information, and answer any questions. Record this in the employee's file.

☐ Employee Pay

- Employees are properly classified as exempt or non-exempt based on their specific job duties and pay.

- Be sure to review all pay practices, including minimum wage and overtime, for compliance with the Fair Labor Standards Act and any state laws, making pay more favorable to the employee.

- Whatever frequency of pay is scheduled in compliance with state requirements.

- Any pay, bonuses, commission, etc. treat employees equally, and decisions regarding promotions and raises are based on clear, objective criteria.

- Keep an eye on independent contractors to prevent misclassification.

✅ Company Compliance

☐ Employment Laws

There are myriad employments laws that must be upkept in the workplace. It will be important as part of a comprehensive compliance plan to make sure that all employees are aware of these laws and that an HR representative is keeping tabs on them.

Workplace Discrimination Laws

- Americans with Disability Act
- Age Discrimination in Employment Act
- Equal Pay Act
- Pregnancy Discrimination Act
- Title VII of the Civil Rights Act

Wage and Hour Laws

- Fair Labor Standard Act
- Family and Medical Leave Act (FMLA)

Workplace Safety Laws

- OSHA
- Workers' Compensation

Employee Benefit Laws

- Affordable Care Act
- COBRA and unemployment benefits. Generally, employees who are terminated for performance reasons after a 90-day probationary period are entitled to unemployment pay, while those fired for misconduct are not.
- Health Insurance Portability and Accountability Act (HIPAA)

☐ Employee Policies and Procedures

Having the entire business on the same page is vital, and that's why policies need to be updated and changed along with local, state, and federal laws.

- Policies must comply with federal and state labor laws when relating to sexual harassment, employee leave, safety, etc.

- Assure that files are maintained correctly, including what details should be collected, maintaining confidentiality, and how long to store records. Employee medical records, for example, should be kept separate from the employee's personnel file.

- Deliver required regulatory training, including safety and sexual harassment, reporting, definition, and intervention.

  - **Cybersecurity** – Learners will come away with best practices for secure passwords, detecting email scams, browsing the internet safely, securing mobile devices, and data privacy.
  - **DEI** – Learners discover ways to work well with others of differing cultures, beliefs, gender identities, lifestyles, etc.
  - **Safety** – Learners can dive into fire safety, active-shooter procedures, first-aid, OSHA violations, and healthcare-specific safety.
  - **Anti-Harassment** – Learners will understand that harassment goes beyond just sexual harassment, but also includes bullying; ways to create a positive workplace; the damages harassment can cause to an individual and business; how to identify and step in when harassment occurs, and how to handle a filed harassment complaint.

☐ State- or Region-Specific Compliance

This checklist has covered the compliance necessities at a federal level. However, it's vital to know local and regional compliance specifications as well. Be sure to check in with your local agencies for specific laws related to compliance, such as sick leave requirements, minimum wage, pay equity, and marijuana usage.

BizLibrary has content to meet requirements for California, Connecticut, Delaware, Illinois, Maine, New York, Washington, Texas, as well as province requirements for Ontario. However, it's important that all businesses provide this training regardless of legal obligation.

While we have covered a large swath of HR compliance, note that this isn't an all-inclusive list. If an audit reveals violations that are not corrected, you could be at risk for fines or lawsuits. Consult an employment law attorney for any questions or concerns.

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