

# HUMAN RESOURCES BEST PRACTICES GUIDE





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HR outsourcing offers a wide range of competitive advantages for businesses. How? Professional Employer Organizations (PEOs) employ a team of experts who handle everything from risk management, to payroll, employee benefits, compliance, recruiting, unemployment, and more. Having these experts at your disposal can save you time, money and headaches.

The following guide features insights on the challenges faced by today's business owners and leaders, and the tools a PEO can offer to help solve these problems for your business.

# PERFORMANCE MANAGEMENT:

## Is It Really Necessary?

Are your employees performing to your expectations? If not, do you know why? Better yet, do they know why? How clearly defined are your expectations, and what tools do you provide employees to be able to meet your expectations?

Often, employers hire a new employee who interviews well, has a great attitude, and comes across as a team player. However, after a couple of weeks or months of observation, the employer is disappointed in the choice he or she made in hiring this new team member. The individual may have interviewed well, and answered detailed questions about past job responsibilities in a manner that indicated he or she was the best choice for the organization, but later fails to meet the employer's expectations.

### Shared Responsibility for Success

We may be quick to think that employees must have embellished their past job experience in an effort to “land” a job when in fact, we should look first at the tools we provided them to succeed in their new roles. Did you provide a [job description](#) detailing their duties and responsibilities and performance expectations?

When you identified that they were not performing to your expectations, did you ask if there was anything they needed to help them better perform their jobs? Did you do a 30-day performance review and identify the areas that you felt needed improvement and provide guidance on those expectations, along with a timeline?

### Performance Reviews, Job Descriptions Set Expectations

Employers need to recognize that both job descriptions and performance reviews are invaluable tools not only to their new staff members, but to the company as well. By providing employees with job descriptions, you have given them a detailed description of what their job functions are, as well as the corresponding performance expectations.

Meeting with an employee at incremental times to evaluate his or her performance may seem like a waste of valuable time at that moment, but it pales in comparison to starting the [recruiting process](#) again and training another new employee. In the end, if you have provided your employee with the expectations of his or her role and you have given guidance by way of performance review, if it doesn't work out then you are well documented on why it was necessary to terminate the employee.





# PERFORMANCE MANAGEMENT:

## Is It Really Necessary?

You want your employees to be invested in their jobs and the company's success, so you must also be sure to invest in your employees by communicating clearly, setting expectations, and providing feedback in the form of regular performance evaluations. A little time invested initially may save you a lot of money down the line.

Working with a **Professional Employer Organization** (PEO) or HR Outsourcing firm gives you access to a wealth of HR expertise that can help with performance management, job descriptions, employee handbooks, discipline, documentation and more.

Hiring the correct people for the right jobs is essential to every organization's success. Recruiting can be a daunting task; however, in order to hire the right person, a company first must locate one or more viable candidates. Companies have many important decisions to make, including whom to target, how to present the opening and the organization, whether to **promote from within or source candidates externally**, and how to handle the recruiting process itself.

With the numerous online job boards these days, it is difficult to know which, if any, are right for your organization and the position you're trying to fill. Even within individual job boards, the number of options for your job advertisement can be overwhelming. More targeted opportunities can exist by publishing job openings with local trade schools, colleges or state job boards.

Another important factor to consider is whether to manage the recruiting process yourself or work with an employment agency or other partner to locate and screen qualified applicants.

Errors made in the **recruiting process** may have far-reaching implications for an organization. Not only are hiring mistakes costly and time-consuming, the company also risks exposure to potential litigation by unknowingly violating employment laws in the job posting itself. Further, laws and requirements exist addressing record retention and applicant tracking, so it's important to have proper systems in place. Once your organization reaches the point of interviewing candidates, having properly trained managers conducting those interviews is critical, both to avoid legal exposure and to facilitate a smooth hiring/onboarding process.

A Professional Employer Organization (PEO) provides a team of experts who can provide recruiting support and help guide you through the process to ensure that your company is positioned for success when recruiting for every opening within the organization, from entry to executive level. Trained HR Managers can answer questions and ensure that job postings are compliant, effective and target the most qualified candidates. You may also gain access to **pre-screening tools**, such as the **Predictive Index**, to help identify candidates best suited for both the position and your Company culture.

# WHY IS EMPLOYEE TRAINING SO IMPORTANT?

Training is one of the most critical areas that often is overlooked by employers. With the increase of employment-related lawsuits, investing in effective training for supervisors and employees can really save employers' hard-earned money.

Regularly-scheduled training that is well planned and executed may lower the [potential for lawsuits](#). Additionally, the courts tend to be sympathetic to employers when they invest in proactively training their employees. Most importantly, employees benefit from training: their productivity and efficiency increases, job satisfaction rises, and training events can even open lines of communication among team members.

Following are some of the most common workplace training topics:

## Orientation

Training should begin on an employee's first day of work. New employee training and orientation is crucial, because it sets the stage for an employee's career and introduces the company's expectations, policies, company culture and values.

## Sexual Harassment and Discrimination Prevention

Both sexual harassment prevention and discrimination prevention trainings have grown in popularity in recent years due to our increasingly litigious society. In 1998, the U.S. Supreme Court made several landmark decisions which caused training to take on a new, more important meaning. Although the Supreme Court's decisions simplified the employee's capacity to sue his or her employer for sexual harassment, the decisions also provided employers with critical keys as to methods of avoiding harassment in the workplace and rectifying harassment issues before they became actionable offenses.

## Safety and Risk Management

The employer's duty to train is an important element of several Occupational Safety and Health Administration (OSHA) regulations. For example, OSHA mandates that employers implement certain specific safety procedures. The recent [Temporary Workers' Initiative](#) requires that even temporary workers receive the same safety orientation that a regular employee receives.

## Equal Employment Opportunity and Diversity

Equal employment opportunity and diversity training programs are a must-have for employers. Civil rights agencies look for this as a compliance factor in cases. Having a strong supervisor training program addressing how to motivate a diverse workforce with cooperation and collaboration is essential to meeting business goals and reducing legal risks.

# WHY IS EMPLOYEE TRAINING SO IMPORTANT?

## Supervisor Training

Many employers promote employees based solely on their expertise rather than their leadership skills, neglecting to train the newly promoted managers for their supervisory position. Additional training for new and seasoned supervisors alike should include:

- Hiring and Promoting
- Discipline and Termination
- Performance Evaluations

Businesses which work with a Professional Employer Organization (PEO) typically have access to a wide range of training topics, delivered in person by an HR Manager or Risk Manager, or available on-demand via webinar. Some PEOs also offer pre-recorded training sessions online for their clients. Training is provided by qualified instructors, in a manner simple enough for all types of learners to understand and retain. Training sessions conducted by a PEO also are documented, in the event an employee files a claim.

Regardless of the method of delivery, a robust training program can help employers reduce risk and liability and reduce the likelihood of accidents, fines or lawsuits.

# WHY HANDBOOKS AND JOB DESCRIPTIONS ARE ESSENTIAL

Job descriptions and employee handbooks are two simple but essential tools for any successful business. Both are used to communicate, clarify and document expectations for employers and employees.

Writing and maintaining [current job descriptions](#) for positions at your workplace is not required by federal law, yet it's one of the smartest things an employer can do to provide themselves a layer of protection. These seemingly bland, innocuous documents are used in investigations, lawsuits and audits every day.

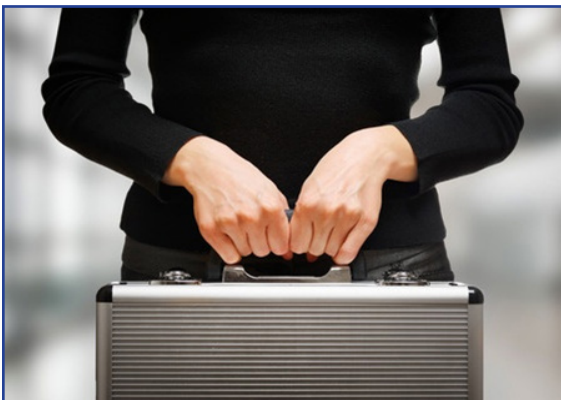
## Job Descriptions Clarify Expectations

A well-written job description should:

- Clearly communicate job expectations for employees in plain language, not “legalese”
- Provide guidelines for managers to hire, promote, and supervise workers
- Support decisions regarding hiring, disciplinary actions, terminations, or promotions

Using standardized job descriptions provides a consistent baseline; employees know what to expect from the job, and what their employer expects of them.

## Why Handbooks and Job Descriptions are Essential



Employee handbooks may not make for fascinating reading, but they are an excellent communication tool and an invaluable reference for both employers and employees. A proper handbook relays important information about the company and its history, mission and vision, policies, and benefits. It also can be a vital tool in helping protect employees against inconsistent treatment and employers from discrimination or other legal claims.

Handbooks should be reviewed at least once yearly, due to frequent changes in employment laws. While there are certain things every handbook should contain, there are other items and types of wording that do not belong in this document and should be avoided.

Working with a [Professional Employer Organization](#), or PEO, gives you access to a team of experts who can help evaluate and update your existing handbook or create a customized one specifically for your business. Credentialed HR Managers also can review existing job descriptions or write new ones, making sure they protect you as an employer in the event of a dispute and dialing in the description so it “speaks” to the candidates you’re seeking.

Having a **great company culture** can give your business a definite competitive advantage. A company with a well-defined, positive culture also will have more engaged employees, better defined expectations and a more cohesive team.

You've invested substantial time, energy and money in staffing your business with great employees, then compounded that investment with the training, benefits and other perks you provide your staff. You can't stop there. Mindfully and intentionally create your company culture in order to achieve the results you want.

## Attract a larger pool of talented job candidates

Everyone wants to work for a great company, and each person has in mind what makes a company "great" to him or her. Who hasn't heard of the generous office perks at **Google**, from free haircuts and gourmet cafeteria food to extensive leave and benefits? **REI** is in the news for paying its more than 11,000 employees to take off work on Black Friday, encouraging them to spend the day outdoors instead. You don't have to be a Fortune 500 company to have a great company culture, you just have to **create it intentionally**.

Decide what's important, communicate that to your team, and stand by it with your words and actions. When your company culture speaks for itself, that will help you become an employer of choice, drawing job candidates to you and making recruiting great employees much easier.

## Reduce turnover and boost morale

When you have a positive culture that accurately reflects your goals and the direction your company is headed, your team can tell. Employees are engaged in their work and understand how their contributions fit into the bigger picture. Communication is emphasized, goals are set and employees are held accountable. Happy employees stay longer, are more loyal to their team and the company, and often become ambassadors for your brand, promoting not only your products but also the company itself as a desirable employer.

## Where should you start?

No two company cultures are alike, and they shouldn't be. Your employees, your location, your history, your vision, and your mission are unique to your company as the products and services you provide for your customers. Talk with your key employees and the influencers at your company to help develop your mission and vision statements, and make "course corrections" on a regular basis.

# GAIN COMPETITIVE ADVANTAGE BY BUILDING YOUR COMPANY CULTURE



If you work with a Professional Employer Organization (PEO), your HR Manager can help you with an employee survey to identify what's most important to your team members and pinpoint problem areas, as well as assisting you in communicating survey results to your team. Designing your company culture doesn't have to be a tedious process; a PEO has a wealth of HR, benefits and other expertise from which to draw, and can guide you as you build the company culture that will give you a competitive advantage.

# 3 WAYS TO IMPROVE EMPLOYEE ENGAGEMENT

So many blogs, articles and even books are published on how to have an engaged workforce. These articles often either paint an unrealistic image of a bliss-filled office environment or an unattainable, hard-to-implement plan. Employee engagement isn't always sunshine and rainbows. At times it may seem like more of an "Office Space" environment.

In reality, having a 100 percent engaged workforce 100 percent of the time isn't possible. Today's workforce looks very different from our parents' workforce. We have many different generations working together under one roof. We deal with flex time, complicated benefits plans and vacation policies just to name a few. Add a growing company into that mix and you can be met with uncertainty and frustration from your workforce. What can you do?

There are three keys to boosting employee engagement, and working with a PEO can help you implement them. Having a credentialed HR expert at your disposal who can support and advise you on communication, surveys and identifying engagement issues is indispensable when making these sometimes difficult steps and taking action on the results.

## **Celebrate the positive, but take a hard look at the bad.**

During the good times, we have positive huddles, effortless collaboration and tons of compliments for each other. Life is good and engagement is at its peak. Company culture is not something we have to "do," it just is. Sadly, this happily-ever-after tale won't last forever, and growing companies invariably experience growing pains. Communication in its most transparent form is the most important thing you can do during these times. Be prepared to receive stinging, brutally honest feedback from your employees. This will most certainly ensure you don't have a superficial plan for employee engagement. When you invest in really listening to your workforce, they will notice.

## **Ask thought provoking specific questions**

Don't ask broad, generic questions if you really want to get to the bottom of something. Be specific. If you want to know if your employees received proper on-boarding upon joining your company, ask exactly that. If you ask a broad question that isn't tied to anything, you won't receive the structured feedback you desire. Focusing on specifics allows you to set up an action plan to formally address items so that employees can see the changes being made.

## **Use surveys or other forms of data collection? Great—now DO something!**

My decade long stint with a Fortune 500 company jaded me on employee surveys. We took them every year and had to answer seemingly irrelevant questions such as whether we had a best friend at work. Granted, there were also more significant questions, but we didn't see any movement from those surveys, nor any follow up on findings and what the company was doing to address engagement and morale. Data collection and surveys can be very useful tools in your



## 3 WAYS TO IMPROVE EMPLOYEE ENGAGEMENT

engagement process, but only if you address the feedback and communicate it to your staff. If used properly, these tools can highlight trends and potential problems before they get out of hand.

Remember, you employ humans and not data. Bring the “human” back into your culture and workforce. Communicate, show action, and address the bad as it comes. Be consistent in your approach and your employees will follow suit.

Since its founding in 1965, the Equal Employment Opportunity Commission (**EEOC**) has been working to ensure compliance with U.S. anti-discrimination laws, including the following:

- Title VII of the Civil Rights Act of 1964
- The Age Discrimination in Employment Act of 1967 (ADEA)
- The Rehabilitation Act of 1973
- The Americans with Disabilities Act (ADA) of 1990
- The ADA Amendments Act of 2008

While employers may not be intimately familiar with those laws, most know that they must avoid discrimination of any type in regard to disability, color, religion, gender, age and race. EEOC laws cover most employers with 15 or more employees, and apply not only to hiring and termination decisions, but also to promotions, harassment, training, pay and benefits. The number of EEOC claims **has been trending strongly upward since the 1990s**.

## When a claim is filed

**When an EEOC claim is filed** against an employer by a current, former or prospective employee, the EEOC investigator asks the employer to respond to the allegations in the charge and provide documentation to support its response. A response can be time-consuming and expensive, considering not only the cost of litigation and any damages awarded to the employee. Another pitfall is the impact of an EEOC claim on employee morale and job satisfaction. Avoiding claims altogether is your best strategy.

Time-off benefits offered by employers can be one of the most important ingredients in an employee compensation package. The types of Paid Time Off (PTO) employers can offer include: holidays, vacations, sick leave, personal leave, and bereavement leave, discussed below. These types of time-off benefits can be a very valuable part of an employee benefit package, become an attraction for recruitment and also a perk for longevity.

## Sick Leave and Personal Time

Generally, paid sick leave benefits and personal time off are not required by law. Unpaid “sick” leave, however, may be legally required if you are subject to either federal or state [Family Medical Leave](#) laws. However, sick and personal leave, like other time-off benefits, is valuable to employees and can create a robust package of benefits that makes employees feel valued.

If an employer decides to give employees paid sick time, generally the amount of PTO offered is entirely up to the employer. It is a good policy to set a limit on the amount of time for which an employee can be compensated.

Another time-off benefit that employers can offer is personal time. Personal time is offered to employees to cover situations that are not included in sick leave, bereavement, or other policies.

## Holidays

Would it surprise you to know employers are not legally required to give employees days off for federal or state holidays? In fact, if you need to, you can require that employees work on Christmas Day, Thanksgiving Day, or any other traditional holiday due to business necessity.

## Bereavement

In addition, there are no laws requiring employers to provide employees with funeral or bereavement leave. The employers who do provide this type of leave usually allow between two and four days per funeral or a maximum allowance of two to four days per calendar year, either as paid or unpaid leave.

## Managing PTO

Having said all that, as an employer are you ready to track, manage, and set up policies for all that PTO you plan to offer your employees? First, you’ll need to establish a [quality PTO policy](#) in your [employee handbook](#) and inform employees of the policy, the effective date and how to request PTO. Next, make sure you are not discriminating against any particular class of worker. Remember, you are not required by law to offer PTO to employees, but if you choose to,

you are held to the same compliance standards as Equal Opportunity Employment, Fair Labor Standards Act and more. Lastly, you'll need to track the PTO, based on the policy you've established.

An alternative to managing PTO and other policies yourself is working with a Professional Employer Organization, or PEO. An HR Manager will assist you in crafting appropriate, compliant PTO policies, and a payroll specialist will set up the appropriate tracking in the PEO's payroll system. Once setup is complete, you'll simply notify the PEO when an employee takes time off and under which policy. Employees will be able to see their available PTO balances on their pay stubs or via an online portal.

It is better to have a team of experts on your side assisting with compliance and PTO tracking. If you do not have a solid policy, or a system in place to track PTO, employees could argue they are not getting what was promised in their compensation package. Employees could even file Department of Labor complaints or contact labor attorneys to file for unpaid wages if a policy was not followed, or was poorly written/unclear, causing them not to be properly compensated, based on the written policy. It's always best to have a detailed PTO policy in writing, track it thoroughly and have a team of credentialed experts to assist you.

Due to health care reform, most businesses are now very familiar with health insurance and whether or not they are required to offer it. But what exactly are “voluntary” benefits? And should you add them to your company’s benefits package?

Voluntary benefits are insurance plans or savings and discount programs that do not have minimum participation requirements imposed by the carrier and which, unlike a group medical plan, can be 100 percent employee paid. Although you, as an employer, can choose to contribute toward the cost of providing voluntary benefits, you aren’t required to. Generally speaking, anything you offer to your employees in addition to group medical coverage and a 401(k) plan and in which they are not required to enroll can be considered a voluntary benefit.

**Following is a list of benefits that are always considered “voluntary”:**

- Employee-paid short term disability (STD)
- Employee-paid long term disability (LTD)
- Employee-paid supplemental life
- [AFLAC](#)
- FSAs (Flexible Spending Accounts)
- Legal plans
- Discount programs
- Savings clubs
- Supplemental insurance plans

**Offering voluntary benefits to your employees is an easy way to expand their benefits offering and show them you care.**

- A wide array of benefits options can reduce turnover, and better benefits and more perks typically boost employee retention.
- If you partner with a [Professional Employer Organization](#) (PEO), offering voluntary benefits may come at no additional cost. While some PEOs have employer contribution requirements and participation requirements on their master plans, others may allow you to offer voluntary benefits without administration fees and other requirements.

## VOLUNTARY BENEFITS ADD VARIETY, VALUE

Although voluntary benefit administration is typically pretty straightforward, it certainly adds some variables, as well as liability. Participating employees may opt to participate in multiple different voluntary plans or programs, in addition to the health plan you offer. As with your health insurance plan, there will be required participant levels.

As an employer, you have a lot on your plate. Working with a PEO's team of benefits experts can certainly reduce your administration and liability, while helping you retain your best employees by providing a robust benefits package that will keep you competitive in today's rapidly changing job market.

# FLEXIBLE SPENDING ACCOUNTS

## Enjoy the Benefits, Avoid the Headaches

Flexible Spending Accounts, or FSAs, are tax savings vehicles that allow employees to contribute part of their salary to the sponsoring employer's Section 125 Cafeteria Plan on a pre-tax basis in exchange for certain benefits provided by the Plan.

There are five types of FSAs recognized by the IRS as eligible to be included in an employer's cafeteria plan and receive preferential tax treatment. At its most basic, an FSA is a way for employees to pay for certain expenses with pre-tax dollars, which increases take-home pay; at its most complex, an FSA isn't even an "account" at all. The expenses for which an employee may use the funds in an FSA depend on the type of FSA to which the employee is contributing. The five types are:

- General Purpose Healthcare Flexible Spending Account
- Limited Purpose Healthcare Flexible Spending Account
- Dependent Care Flexible Spending Account
- Parking Account
- Transit Account

### Healthcare FSAs

As its name suggests, a Healthcare FSA is used to pay for eligible healthcare expenses incurred during the plan year. If the FSA is "general purpose," this means the funds an employee contributes to the account can be used for medical expenses like deductibles, copays, coinsurance, and medically necessary supplies and equipment and most dental and vision expenses, as well. If the FSA is "Limited Purpose," the list of eligible expenses for which the funds may be used is limited to dental and vision expenses and only those medical expenses incurred after the participant's health plan deductible has been met.

### Dependent Care Accounts

This type of account is used to pay for eligible daycare expenses for the employee's dependent children and step-children and eligible eldercare expenses for the employee's dependent parents, step-parents, or parents-in-law.

### Parking and Transit Accounts

As the name implies, a Parking Account is used to pay for certain expenses an employee incurs to park at work or a place from which the employee commutes to work. The funds an employee contributes to a Transit Account can be used to pay for certain expenses the employee incurs for using mass-transit to commute to and from work.

### Benefits and Risks of FSAs

Flexible Spending Accounts offer **tremendous benefits** to employees who choose to use them because every dollar contributed to an FSA is a dollar that never gets taxed. Even more appealing is that the full amount they elect to contribute to a general purpose or limited purpose healthcare FSA is available to them on Day One, giving the employees full access to however much they've pledged to contribute to the plan on January 1st, even though they have not yet made any contributions.

Enrolling in an FSA is not without risk. The IRS sets a maximum amount that may be contributed to each of these accounts in a 12-month period or "plan year" and, for the most part, requires unused funds at the end of the plan year to be forfeited. New regulations, though, permit employers to adopt plans that allow employees to carry some of their unused balance into the next plan year. An election to contribute to a Flexible Spending Account is generally irrevocable during the plan year, and it is important for anyone considering making a contribution to an FSA to know the terms of the plan and estimate their expenses as accurately as possible before committing to a contribution amount.

### PEOs Make it Simple



Employers who are thinking of adding an FSA to their **benefits package** should consider partnering with a Professional Employer Organization (PEO) as there are many, many ways doing this on your own could go wrong. Sponsoring an FSA opens the employer up to considerable financial exposure due to the pre-funding requirement and adds a tremendous administrative burden because, aside from the normal day-to-day administration inherent with sponsoring any benefit plan, Section 125 plans are subject to non-discrimination testing

to ensure that the plan isn't being used as a tax avoidance vehicle for the company's key and highly compensated employees.

Additionally, consider the amount of time it would take to verify that every expense an employee submits for reimbursement is eligible under the Code. Unless you are intimately familiar with Section 125 of the Internal Revenue Code and the lengthy list of eligible expenses for each type of FSA you want to offer, you will need to outsource this function to a third party vendor. Penalties for non-compliance are astonishing and could lead to outright disqualification of your entire Section 125 plan, resulting in serious financial consequences to your employees in the form of taxes and to



# FLEXIBLE SPENDING ACCOUNTS

**Enjoy the Benefits, Avoid the Headaches**



your company, in the form of taxes and penalties.

By partnering with a PEO, you gain access to not only a wealth of knowledge and experts to help keep you compliant but also to the PEO's master plan, which in most cases means all you have to do is let your employees sign up – the PEO handles the rest.

# CREATIVE BENEFITS OPTIONS:

## Small Investment, Big Payoff

Employee benefits don't have to be a staggering expense for employers, but to stand out in today's market, they must be **creative and unique**. Reflect on your company's culture and the things that are important to your employees as you expand your benefits offering.

### Casual Dress Code

If it isn't essential that your employees dress up for work, consider implementing a casual dress code. This is a free, yet potentially very rewarding, benefit that employees may truly appreciate. Comfortable employees are happier and more productive, and you'll likely see an improvement in morale as well.

### Volunteer Time Off

Implementing a paid Volunteer Time Off (VTO) policy is a creative way to reward employees while also investing in your community. A VTO policy might allow employees to donate up to 24 hours per calendar year, with two half-days off for company-sponsored group volunteer activities and 16 hours off for personal volunteering by the employee at 501c3 charitable organizations.

### Holiday Savings Clubs

Offer a holiday savings program that allows employees to set aside after-tax dollars from each paycheck that are then paid out to them each November, just in time for holiday shopping. If you can, match participating employees' contributions up to a specified dollar amount.

### Telecommuting or Flex Time

If it's not essential that your employees be in the office every day, let them work from home one day per week. Another possible perk is implementing "flex time," where employees work outside conventional business hours, establishing a set schedule that better accommodates their educational pursuits, lengthy commutes, or other regularly scheduled activities. Each participating employee could establish flex hours with his or her supervisor on a yearly, quarterly, or monthly basis.

# CREATIVE BENEFITS OPTIONS:

## Small Investment, Big Payoff

### Creative Approaches

Taking a creative approach to the benefits you provide your employees will set you apart from the competition, and enhance your company culture. You may find that a minimal investment will pay you big dividends.

Wondering which benefits or perks would best fit your company, or how to implement a new program? Consider working with a Professional Employer Organization (PEO) to gain access to credentialed HR experts who will guide you through the whole process. An HR specialist can help you conduct employee surveys, implement new programs, and update your employee handbooks to reflect your creative new options.

What are employee “perks,” and why do they matter? What do your employees feel are the perks – the fringe benefits – of working for your company? Those companies that choose to offer more than just basic employee benefits certainly stand out in the job marketplace.

Perks don’t always come in the form of ping pong tables, nap pods and work-from-home programs. However, any type of extra benefits that add value for your team can help with recruiting and reduce turnover, as it is a way to show you value your employees.

### Online Marketplace

Some popular “perks programs” are [web-based marketplaces](#) where employees can enjoy access to discounted products and services, as well as employee pricing on big-ticket items like computers, travel and vehicles. Some programs also allow participants to earn redeemable points for using the online marketplace, similar to accruing “miles” on credit card purchases. It is a great addition to your benefits package.

### How does this benefit employees?

- Has the potential to increase monthly disposable income (e.g. cheaper cell phone bill or savings on a vehicle means a lower car payment, etc.)
- Overall savings on everyday items and activities (e.g. apparel, car insurance, etc.)
- Employees can take advantage of a Fortune-500 level program, regardless of company size

Professional Employer Organizations (PEOs) can set up these programs at a cost-effective rate due to their size and buying power. They are then able to offer the program to their clients at a discounted rate, or even free of charge. Working with a PEO gives you the ability to cost- effectively provide benefits that you might not otherwise be able to, and that makes a big difference for your employees.

# WHY YOUR EMPLOYEE BENEFITS HAD BETTER BE WORTH TALKING ABOUT

Most job seekers begin their search with an idea of their personal dream job. From location and compensation to job title and company culture, everything is carefully considered.

Just as employers seek the most talented employees they can find, candidates want to locate their best possible opportunities, and what a job candidate hears about your company matters more than you might think. The [2015 LinkedIn Talent Trends report](#) for the U.S. and Canada shows that 65 percent of candidates turn to friends and colleagues for company recommendations and referrals. Online job boards ranked second with 62 percent, and 61 percent of candidates seek info via social professional networks.

That's why it's so important to be a company worth talking about. When your greatest asset is the people you employ, it pays to invest in the things those employees prioritize. Health insurance is no longer optional; it's an essential benefit for employees of all ages and walks of life.

## Typical expectations of an employee benefits package include:

- Health insurance
- Dental insurance
- Vision insurance
- Life insurance
- 401(k) or other retirement savings plan

## More than just the basics

If you're able to offer the basics, then strive to exceed expectations by offering long-term and short-term disability, Healthcare Reimbursement Arrangements (HRAs), Flexible Spending Accounts (FSAs), and volume-discount employee purchasing programs. Even more creatively, offer a flexible work schedule, a holiday savings club, telecommuting options, Volunteer Time Off (VTO), and a casual dress code when appropriate.

When your existing team members are happy with the company culture and the benefits package offered, they'll happily spread the word about your company as a "best place to work," and refer their connections for any job openings.

## You don't have to do it all yourself

Working with a Professional Employer Organization (PEO) can give your company access to a comprehensive benefits package, without the headaches of researching and shopping for benefits with vendors, brokers or online exchanges. In addition, a PEO may be able to offer richer plans otherwise not available to some small businesses.

The [Consolidated Omnibus Budget Reconciliation Act of 1985](#) or, as most of us know it – COBRA – is a little law with a huge name that grants most employees and their dependents the right to continue health insurance coverage under an employer-sponsored plan in the event that coverage is terminated involuntarily. Simple enough, right? No, not really.

The COBRA legislation applies to all employers that had 20 or more employees (full time and part time) on at least half of its regular working days in the previous calendar year. Many states also have their own regulations that extend some form of continuation rights to employees who work for companies that don't meet the minimum employee count requirements to be subject to COBRA. Under federal regulations, employers are required to provide several different notices to employees and dependents at the time of enrollment in the group health plan and at the time coverage ends. Failure to comply can be a costly mistake.

Penalties for non-compliance with COBRA notification requirements are steep: \$110 per day in statutory penalties and \$100 - \$200 per day in corporate excise taxes. And, for purely punitive reasons, the minimum excise tax the IRS will levy as a result of non-compliance is \$2,500. So, if you're even one day late sending a general notice, election notice, or open enrollment letter and the affected beneficiary complains to the Department of Labor, you've put yourself in a position to incur at least \$2,500 in fines and penalties. Also important to note is the requirement that the General Notice be physically mailed to employees and, separately, to spouses at the time of initial enrollment. Hand or electronic delivery is not an option.

COBRA administration is more than just making sure you send out the proper notices within the statutory time frames, though. You must also keep up with payments and eligibility updates for participants once they've elected COBRA continuation coverage. The mistake you're most likely to make in this regard is to terminate a COBRA participant's coverage too early. All COBRA participants must be given 30 days to remit payment before you are permitted to cancel coverage for non-payment, meaning you not only have to keep up with direct billing to your former employees, but you also have to float premiums for each month a participant is late making a payment.

If none of this sounds like fun to you, you are not alone. However, it does sound like fun to benefits professionals! A Professional Employer Organization (PEO) has a dedicated team of benefits administrators who are specialized in all areas of employee benefits administration – including COBRA and state continuation. Many carriers and insurance agencies will provide COBRA administration services for their clients at an additional cost – usually billed as a separate charge for each notice sent, election processed, or payment received.

# COBRA ADMINISTRATION CAN BITE EMPLOYERS

When you partner with a PEO, its team of **benefits specialists** steps in to fulfill your obligations as an employer - including tracking and delivery of the General Notice, Election Notice, and open enrollment letters, as well as billing and remitting premiums to the insurance carriers – and take the headache of COBRA compliance off of your shoulders.

# 401K PLANS OFFER FLEXIBILITY IN RETIREMENT SAVINGS

Offering a 401(k) Retirement Plan is an important way for companies to stay competitive. Quality employees are looking for more than just compensation; they are looking for enriched benefits, and they understand the value of retirement planning made easy.

Many Professional Employer Organizations (PEOs) offer a 401(k) plan, which is a great way to save. Most offer a full range of plan options, and clients may elect eligibility criteria and potential match options based on their needs, such as a discretionary per-payroll basis, or an optional one-time contribution at year-end.

Pretax and Roth options may be offered in a single plan, and employees may contribute both Pretax and Roth dollars via payroll, and it will deposit in a single account. This is a convenient, low-maintenance way for employees to save for retirement.

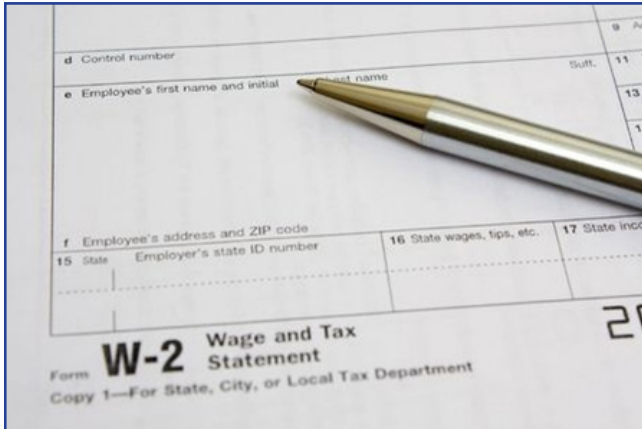
If your company maintains its own retirement plan, then you are well aware of the many responsibilities of being a **Plan Fiduciary**. A PEO is well equipped to handle all responsibilities of a 401(k) retirement plan, including:

- Conducting Quarterly Investment Committee Meetings.
- Sending Participant Distribution Option Packets as Qualified Events occur.
- Filing annual 5500 Documents which include an Audit, which may become costly.
- Calculating Annual ADP/ACP and Top Heavy Testing.
- Sending out Enrollment Packets including Summary Plan Description (SPD), 404(c) Compliance
- Information, Qualified Default Investment Alternative (QDIA), and Explanation of Expenses.

Taking advantage of a PEO's 401(k) plan allows you to not only alleviate administrative costs, but also frees you of this fiduciary liability. If a company does not closely abide by the ever-changing 401(k) regulations, it is **hit with penalties** and time-consuming correction procedures.



## W-2 and W-4 Forms



Like many types of employment-related paperwork, W-2 and **W-4** forms are a fact of life for employers and employees alike. Both are related to an employee's tax situation, but these two similar-sounding forms serve different functions.

### About the W-2

Most of us are more familiar with the **W-2** form than the W-4, since we must submit W-2 forms when filing annual tax returns each April. The W-2 form is a tax form that employers provide to each of their employees after the last pay period of the year

is complete. This form includes the total amount of wages earned, federal and state taxes withheld, and Social Security contributions for that tax year.

Employers must provide all employees who worked for them during that tax year a copy of their W-2 form no later than January 31st of the following year (e.g. W-2s for 2015 must be provided by 1/31/16). Employees must also submit a copy to the Social Security Administration (SSA) by February 29th and keep a copy on file for a minimum of four years.

### About the W-4

Form W-4 is used to calculate the amount of federal income tax that should be withheld from an employee's pay. Factors an employee should consider when determining this amount include his or her family situation (e.g. number of children and marital status), savings contributions (e.g. college, retirement, etc.), and employment status, among others. If unsure about how much to pay to withhold, an employee may consult the free [IRS Withholding Calculator](#).

A W-4 form is required for all employees earning \$800 or more per year, and a new form must be completed whenever an employee starts a new job. The form also may be updated by the employee at any time based on changes in his or her personal or financial situation. If an employee fails to submit the form, the IRS states that their employer should withhold at single filing status with zero allowances, the highest tax bracket, until the employee submits the W-4 form. Employers are required to remind employees before December 1st of each year to submit a new W-4 form if their withholding allowances have changed, or will change for the coming year.

## Employer Responsibilities

Dealing with tax forms, deadlines, calculations and filing requirements can be a burden for employers, especially if their company has high turnover or a large number of employees. Simply preparing W-2s and answering employees' questions about them can be very time-consuming each January. For employers who work with a Professional Employer Organization (PEO), dealing with W-2 and W-4 forms is simple.

As the employer of record, the PEO assumes responsibility and liability for payment of wages, as well as compliance with regulations governing the reporting and payment of federal and state taxes on wages paid to its employees. PEOs have a well-established role in reporting income and handling withholding, FICA and FUTA for their client companies. Why not hand off W-4s, W-2s, and other employee-related paperwork to a PEO? That's their business...so you can focus on yours.

# 4 REASONS TO AUTOMATE YOUR TIME AND ATTENDANCE

Employees represent a company's biggest asset to growth and profitability, but often the biggest expense as well. For this reason, maintaining accurate time and attendance records is critical to managing your workforce. An automated time and attendance system that meets your organization's needs and integrates with your [HR and payroll systems](#) can yield a strong return on employee investment. Following are some of the significant benefits:

## Reliable Accuracy

A manual timekeeping system requires employees to report their hours after the fact, which can increase your company's exposure to the likelihood of inaccurate time tracking. Illegible handwriting can make determining actual hours worked difficult, and a process that relies heavily on the honor system can be abused, leading to time theft.

## Increased Productivity

It is not uncommon for companies with a manual payroll process to spend five hours or more each pay period collecting time cards, re-entering data into a payroll solution, and processing payroll. With an automated time and attendance system, this task can be reduced to a matter of minutes.

## Bottom-Line Savings

A reduction in human error, saved wages from productivity, elimination of time theft and overtime are all direct, ongoing cost savings. Indirect savings include better insight to your employees' work and the time spent on their work, which can allow for appropriate labor allocation across your workforce.

## Improved Regulatory Compliance

While an automated time and attendance system cannot guarantee employment law compliance, the data collected and available through your system can ensure that you have the information required to comply with labor regulations. Consistency in your timekeeping and the ability to quickly pull reports from your system can be your best tools, should the Department of Labor ever request an audit.

Web-based time and attendance tracking is one of the many HR solutions offered by a [Professional Employer Organization](#) (PEO). Employees clock in and out by using an online time clock that can optionally be accessed from a tablet or smart phone. The collected data is then transferred to the time and attendance system in real time.

## 4 REASONS TO AUTOMATE YOUR TIME & ATTENDANCE

Whether your employees are salaried or hourly, a good time and attendance system can help you manage labor costs and access comprehensive reporting. Timesheets may be integrated with the PEO's payroll service through a streamlined approval process, eliminating the need for faxing or emailing paper timesheets.

Accurate timekeeping can help prevent costly regulatory compliance missteps, while positively impacting production and profitability, and using a PEO is one of the best ways to achieve this.

Employees look forward to payday. When it comes to payroll, you can't just wing it; **it has to be right**, every time. Payroll processing is a necessary business practice that costs time and money, while exposing the business owner and the company to corporate and personal liability, and producing no profit in exchange.

From processing regular and overtime wages to correctly accruing Paid Time Off (PTO), payroll is a minefield of opportunities to make a mistake. Record-keeping requirements, Wage and Hour compliance, regulatory reporting, and state, federal and local tax compliance are fraught with hidden and costly accounting responsibilities and risks.

Simply keeping abreast of changing regulations and fielding employees' questions regarding compensation, PTO, deductions and overtime can be an overwhelming task. Add in **garnishments**, child support orders and **payroll tax deposits**, and payroll administration can strike fear into the hearts of office managers and business owners alike.

Working with a Professional Employer Organization (PEO) gives you access to a team of **American Payroll Association** (APA) certified professionals. The PEO assumes responsibility for **processing payroll** and calculating tax reports, using state-of-the-art data processing and integrated software systems. In addition, the PEO may also provide employee earnings statements and management reports for your company. The beauty of using a PEO is that it not only dramatically reduces your liability and exposure; it also gives you the convenience of having one accounting item per pay period to cover all employment costs.

**The following list details many of the things a PEO can handle, leaving you to focus on running and growing your business:**

- Administer employee payroll processing: issue payroll checks, process changes in payroll status, and offer direct deposit to employees
- Administer withholding and filing of quarterly reports, W-2 and W-4 preparation, payroll tax calculation and remittance, and assume liability for FICA and Unemployment taxes
- Provide secure internet-based payroll entry and reports
- Provide vacation/sick/personal time off accrual management
- Provide online self-service employee payroll information
- Collect and apply deductions for all benefit programs
- Administer employee garnished wage calculations and remittance

- Provide Federal Wage and Hour compliance recommendations
- Administer new-hire and termination reporting to governmental agencies
- Provide comprehensive management reports: check reports, labor distribution, detail by employee, departmental reports, worksheets, etc.
- Provide certified payrolls (if necessary)

Isn't it time you put your focus back on your core business, and outsourced your non-profit-producing tasks like payroll administration to a team of experts?

# DELINQUENT PAYROLL TAXES

## Harsh Penalties for Employers

Federal Tax Deposits (FTDs) for [Form 941](#), or Employers Quarterly Federal Tax Return, are made up of withholding taxes or trust funds (income tax and Federal Insurance Contributions Act (FICA) taxes, which are Social Security and Medicare held in trust), that are actually part of an employee's wages, along with the employer's share of FICA. FTDs for [Form 940](#) are taxes paid by the employer to provide for unemployment compensation to workers who have lost their jobs. Only the employer pays FUTA tax; it is not deducted from the employee's wages.

These taxes must be paid as they become due in order to avoid penalties. If you have a deposit requirement, you must deposit electronically, which can be done via the [Electronic Federal Tax Payment System \(EFTPS\)](#). EFTPS deposits must be initiated by 8 p.m. Eastern the day before the due date. EFTPS is also used to pay other types of taxes, not just employment taxes.

Being a business owner is a liberating experience. But with freedom comes responsibility. It's imperative to pay the IRS on time. You must make business payroll taxes a priority, as this can potentially make or break your business. If you neglect to pay these taxes on time, you'll receive a warning from the IRS. If the issue is not resolved in a timely manner, there are several possible consequences:

- The IRS imposes a very harsh penalty when business payroll taxes are not paid. The penalty is 100% of the taxes owed. This is called "[Trust Fund Recovery](#)." Remember, when your payroll tax obligations are not met, you are breaking a binding contract you have with the United States government.
- IRC Section 6672(a) states that the blame for not paying business payroll taxes goes to "every responsible person" who willfully neglected to pay the payroll taxes. This means accountants, bookkeepers, and anyone with check signing ability can potentially get the blame for the tax debt.
- Even if there was no malicious intent, the expensive "Trust Fund Recovery" penalty is imposed. For example, some business owners might fail to pay their payroll taxes out of desperation; they may have been trying to save the company from bankruptcy or protect their employees. However, the reasons for delinquency are irrelevant; penalties and debt will still be imposed.

According to the IRS's official website, thousands of taxpayers have outstanding Trust Fund Recovery penalties as a consequence of being delinquent on business payroll taxes. The amount owed is in the billions and growing.

Working with a Professional Employer Organization, or PEO, is a great way to relieve stress, reduce liability and avoid penalties. As the employer of record, a PEO assumes responsibility and liability for payment of wages and compliance with rules and regulations governing the reporting and payment of federal and state taxes on wages paid to employees. PEOs have long established their role as reporting income and handling withholding, FICA and FUTA.

While wage garnishments are a fact of life for anyone who processes payroll, they also can turn into a tedious, time-consuming hassle. By definition, wage garnishment is a legal procedure through which a portion of a person's earnings are required to be withheld for the payment of a debt. Regulated by Title III of the Consumer Credit Protection Act, garnishments are allowed only in select states, and must be authorized by a court.

Although Child Support garnishments are the most common, other types of garnishments include creditor garnishments, federal tax levies, and state tax levies. Child Support orders are issued by each state's Child Support Enforcement agency, which also determines the amount to be withheld. Child Support orders do not stop until the employer receives a court order directing them to cease the garnishment. Other types of garnishments typically have a goal amount that that will satisfy the employee's debt, and when that amount is reached, the deduction is stopped.

When an employer receives a garnishment or Child Support order (typically via U.S. mail, although some agencies submit them electronically), whoever processes the company's payroll must begin deducting the specified amount from the employee's check each pay period and remitting that money to the appropriate party.

Most creditor garnishments require that an answer or interrogatory be sent to the authorizing court and to the creditor, prior to the first deduction being made. Responses typically must be notarized and returned by mail within seven days of receipt.

If an employer does not remit payments timely – or fails to remit the payments – that employer can be held liable and forced to pay what is owed by the employee, as well as court costs. This usually requires legal action, escalating the costs.

For many companies, working with a Professional Employer Organization (PEO) removes the administrative burden of payroll, including garnishments and other deductions, so that they can focus on running their business. The PEO not only processes payroll and takes care of garnishments, but also responds to all related correspondence and answers required interrogatories.



# WAGE AND HOUR COMPLIANCE

## A Moving Target?



The [Wage and Hour Division](#) of the United States Department of Labor (DOL) is responsible for administration and enforcement of our nation's labor laws. Since 2000, the Wage and Hour Division (WHD) has recouped over \$1.25 billion in back wages for more than two million workers. Wage and hour compliance is something that impacts just about every employer, whether they have two or 2,000 employees, and penalties for non-compliance can be devastatingly expensive.

Wage and hour compliance involves areas such as minimum wage, overtime pay, employee classification, meal and rest time requirements, hours worked and child labor requirements, just to name a few.

One of the most comprehensive labor laws in the U.S., the [Fair Labor Standards Act](#) of 1938 (FLSA), was landmark legislation enacted by Franklin Roosevelt. Since its inception, the FLSA has been amended more than 20 times – just one example of why keeping up with changing regulations is difficult. The DOL proposed significant changes to expand worker coverage under the FLSA just this past summer.

Knowing the laws that affect you, as well as keeping up with updates and changes, when they go into effect, and their impact on your business is critical. Moreover, before you can ensure you are properly implementing the recent changes, you must be certain that your existing practices are in compliance.

For example, are you sure you know your employees' "regular rate of pay" for overtime calculations? It is not always as simple as calculating 1.5 times an hourly rate, as many people think. If an employee is compensated with commissions or certain types of bonuses, the FLSA imposes a strict method for calculating their overtime rate. The most recently proposed changes will require close examination of whether workers are classified as exempt or non-exempt. It will be critical that employers are familiar with the requirements, the changes and how to implement a compliant program. The \$1.25 million that the WHD has recouped since the year 2000 doesn't even include the associated penalties and fines imposed on the employers found in non-compliance.

[Staying in compliance](#) with ever-changing laws and regulations can be a time-consuming burden for employers.

Partnering with a Professional Employer Organization (PEO) to assist with your HR and other needs will give you access to credentialed professionals who can help ensure compliance in all of your HR policies spanning the life cycle of employment, from recruiting to separation.

# WHY UNEMPLOYMENT CLAIMS ADMINISTRATION IS IMPORTANT

The Federal and State Unemployment Tax Acts (FUTA & SUTA) subjugate every business, no matter how small or large, to payroll taxes in order fund both State and Federal Unemployment Insurance (UI) programs, and unlike other federal income taxes, FUTA & SUTA taxes are solely the responsibility of the employer. While there are certain tests to determine if a business must pay FUTA tax for employees, most businesses are required to pay 6 percent of the first \$7,000 each employee earns in a calendar year.

State unemployment tax rates are much more difficult to determine and are directly related to the termination practices of the company and how scrupulous it is in administering individual unemployment claims. **SUTA rates** are individually assigned to each employer each year, and every state uses an experience-rating system of some kind to determine an employer's applicable tax rate for the year. Although these systems vary in how they're actually administered, they share the goal of assigning lower tax rates to employers who have lower turnover and fewer involuntary terminations and higher rates to employers who have a higher turnover rate and more involuntary separations.

As a business owner, this rating system probably makes you nervous. The concern for the business is twofold: Small businesses organically have higher **turnover rates** due to various mitigating factors of operating a small business, and they often have fewer resources available to manage the avalanche of transactional administrative burden that comes with UI claims processing. As is true with the vast majority of avoidable expenditures incurred by smaller organizations, once the problem or expense is apparent, it's typically difficult to identify and fix the root cause.

Don't worry, there is good news! Working with a Professional Employer Organization (PEO) will not only provide immediate relief from seemingly inescapably high SUTA rates, but will also identify and correct the root causes. This will help ensure that experience ratings become stable and predictable, and **avoidable liability** is abated.

**A PEO's compliance management program can assist with a wide spectrum of services, including:**

- FUTA & SUTA regulation compliance
- Full service unemployment claim administration
- Review, expansion and development of employment policies
- Consultation on all HR activities
- Reporting tools to Identify and improve avoidable UI liability and trends

## How to Evaluate Hazards in Your Workplace



Hazards exist in every workplace in many different forms.

According to the Occupational Safety and Health Administration (OSHA), “The employer shall assess the workplace to determine if hazards are present, or are likely to be present, which necessitate the use of **personal protective equipment** (PPE).”

A “PPE hazard assessment” can be conducted for an area, a job category, or an individual. Affected employees from each work area being evaluated should be involved in the assessment

process. Employers should review the job procedures, potential hazards and the PPE currently in use prior to beginning the assessment. Reports of work-related injuries/illnesses, near misses and other reported safety concerns also provide useful information.

## Completing a Hazard Assessment Form

Your **PPE program** should be reviewed periodically, as well as any time there is a change in an existing process, or a new process is added. The person conducting the hazard assessment survey should identify the area or job classification that was reviewed, when the assessment was conducted, and finally, sign and date the form when it’s complete. There are several common types of hazards that should be evaluated when considering the appropriate type of PPE to implement in your workplace.

### Head Hazards

Tasks that can cause head hazards include working below other workers who use tools and materials that could fall, working on energized electrical equipment, welding, working with chemicals and working under machinery or processes which might cause materials or objects to fall.

### Eye and Face Hazards

Examples of tasks that can cause eye or face hazards include working with chemicals, chipping, grinding, furnace operations, sanding, welding, UV radiation and woodworking.

### Respiratory Hazards

Tasks that typically are associated with respiratory hazards include welding, grinding, spray painting, working in confined

spaces, chemical processing and potential exposure to asbestos, lead, silica or other particulate hazards. Exposures to these and other respiratory hazards can make you sick or can even be deadly. Respiratory hazards come in the form of gases, vapors, dusts, mists, fumes, smoke, sprays and fogs.

## Hearing Hazards

Tasks that can cause hearing hazards include working with or around loud machinery or tools in mechanical rooms, machining, grinding, sanding, pneumatic equipment, grounds equipment, generators, chillers, motors, saws, jackhammers or similar equipment.

## Hand/Arm Hazards

Examples of tasks that can cause hand hazards include exposure to cut or abrasion hazards, working with chemicals, working with very hot or cold objects or materials and exposure to sharps.

## Foot/Leg Hazards

Tasks that can cause foot hazards may include carrying or handling materials that could be dropped, performing manual material handling, welding, cutting, electrical work and working with chemicals.

## How to Select Personal Protective Equipment (PPE)

Work-practice controls should be implemented before utilizing PPE to control worker exposures to hazards in the workplace. This is based on OSHA's [hierarchy of controls](#) which includes: engineering controls, administrative controls and work-practice controls. PPE alone should not be relied on to provide protection against hazards. PPE should be used in conjunction with engineering controls and administrative controls, and actually is viewed as the last line of defense.

### Factors to consider when selecting PPE:

- Familiarize yourself with the potential hazards in the area and the types of PPE that are available.
- Consider the hazards associated with the environment.
- Consider the following basic hazard categories:
  - Impact
  - Penetration
  - Compression

- Chemical exposure
- Temperature extreme
- Dust/flying debris
- Radiation
- Noise
- Electrical
- Select PPE that provides a greater level of protection than the minimum required to protect workers from the hazards.

Fit the worker with the PPE and provide clear instructions on its use and care. It is very important that workers be made aware of all warning labels and limitations of their PPE, and know to use it properly.

Working with a [Professional Employer Organization](#) (PEO), gives you access to a team of risk management and loss control experts who can conduct a workplace hazard assessment and help you select and implement the appropriate Personal Protective Equipment to minimize the risk of work-related injury or illness.

## Other Types of PPE

Do hazards exist that require PPE for the body? Chemical exposure, abrasive blasting, welding, cutting or brazing, chipping, sanding or grinding, electrical arc hazards and bloodborne pathogens are some examples of hazards that can affect the whole body. These hazards may require PPE to protect clothing and skin from harm or contamination.

Accidents happen, but there are important measures to take afterward that can help minimize the probability of the same type of incident happening again. Conducting a thorough accident investigation is essential in preventing a similar accident or injury in the future.

Identifying the contributing factors of an accident can greatly reduce the possibility of another loss. By finding the root cause of an accident, you can identify the steps needed to eliminate the hazard(s) contributing to the loss.

An accident report should be completed as soon as possible, so that the information is fresh and details are not forgotten. Accident investigation requires careful, accurate reporting. Avoid placing blame during the investigation; simply gather the facts and document them.

**There are several keys to developing good investigative practices:**

- Understand your role in the investigation process
- Gather facts
- Talk to witnesses
- Determine causal factors
- Identify corrective actions

It's important to coordinate with anyone else who might be participating in the accident investigation, so you won't duplicate efforts or muddy the waters. It also is essential to establish who should be involved in an accident investigation before an incident occurs.

**Follow these steps for a thorough accident investigation:**

- Secure the scene. Keep it unchanged so you can accurately collect and document the facts. Take photographs and/or videos, make drawings, and take measurements as appropriate.
- Put everything in writing. Record only the facts – a detailed description of exactly what happened – not your interpretation of that information.
- Interviews should be conducted separately and confidentially. Let interviewees know why they're being interviewed.

- Ask all interviewees the same questions. Ask open-ended questions, such as “Describe in your own words what happened,” or, “How was the machine operating?” Once you’ve gotten a complete and clear description of facts surrounding the incident, be sure to ask each interviewee his or her understanding of the safety procedures applicable to the accident. Conclude by asking if there is anything they’d like to add.

Once your interviews are complete, try to reenact the events leading up to the incident. Be careful...you don’t want to injure someone else!

## Determine immediate and underlying causes

There may be multiple causes for an accident involving equipment, environment, and people (procedures not understood or not followed) or management (allowed shortcuts). An immediate cause may be an unsafe condition like a mechanical failure, or it could be an unsafe action by an employee. The underlying cause could be poor machine maintenance, a missing machine guard, a crowded work area or a lack of training.

## Implement solutions

Once an investigation is completed, solutions should be sought to prevent the accident from occurring again. Solutions may involve engineering controls, administrative controls, additional training, or increased communication between management and workers. Something as simple as a daily inspection of the work area for unsafe conditions or unsafe actions can greatly reduce risk.

Every workplace should have a clearly communicated and **documented policy** for reporting an accident and conducting a follow-up investigation. The policy should state to whom an unsafe condition should be reported, so that the hazard can be eliminated quickly.

The **Occupational Safety and Health Administration** (OSHA) also requires documentation. Information must also be entered on the OSHA 300 Log. These documents must be available for OSHA if the agency inspects your workplace.

Every good employer spends time evaluating, analyzing and determining the best solution for the problems, or risks, in business. This process is called mitigating risk or more simply, **risk management**. In today's fast-paced and highly litigious society, no savvy business owner will operate without General Liability (GL) insurance coverage to protect his or her business operations, as well as workers' compensation insurance to cover work-related injuries or illnesses.

No financial institution, building leasing office, state licensing agency, or any construction project manager will look your way if you cannot present a certificate of coverage. Proof of coverage is required before you are even considered. Not only must you have the appropriate insurance, there are several ways that your insurance (risk protection) must measure up. For example, more and more project owners require that workers' compensation coverage is provided by an A-rated insurance brokerage firm, and that your coverage amount meet the national statutory limit of \$1,000,000.

In addition, a large number of certificate requests include the requirement for project owners and all related parties to be waived from the possibility of subjugation (legal action). Obviously, insurance providers have noticed this trend and have begun to charge a minimal fee to provide this endorsement to policies. Although minimal, at \$200-\$600 each (cost is regulated by each state), it can stack up over time and cause a lengthy waiting period for those who are in a hurry to close a deal. Employers, these fees are basically designed to give us the courage to push back on this very rarely used requirement.

If you're wondering whether you are adequately covered under your GL policy, an important addition is Employment Practices Liability Insurance (EPLI). This coverage captures alleged discrimination, harassment and wrongful termination. Be sure to discuss the specifics with your provider, particularly based on your particular industry. Keep in mind that all endorsements are not created equal, meaning they are not automatically covered, (e.g., employee dishonesty, etc.).

Hosting a **holiday party** for employees this year? Liquor laws are being expanded to include accountability for employers who serve alcohol to their employees, who may ultimately cause automobile accidents.

It is more than just a good idea to manage your risk within your business. In many cases, it is the law...and in all cases, it will allow you peace of mind and ease of operations while protecting your interests.



# WHY DO YOU NEED A RISK ASSESSMENT SURVEY?

Investing in safety and loss prevention is one of the best things an employer can do for his or her employees and company. Providing a safe workplace for employees is not only required by law, it's also what every good employer strives to do. What business owner wouldn't like to have a fresh set of eyes on his or her workplace, seeking out potential hazards so those risks can be eliminated?

## Risk Management Options

Perhaps you have an employee who serves as your company's safety representative in addition to his or her other duties, making sure you meet the [basic OSHA standards](#) for workplace safety. Or maybe you have a full-time safety manager who conducts safety training, handles OSHA 300 logs and assists employees in the event of a workplace injury.

One excellent option is to work with a [Professional Employer Organization](#) (PEO), whose Risk Management and Loss Control department can provide a team of experts on safety, risk assessment, [regulatory compliance](#), claims management and workers' compensation.

Whatever your situation, periodic risk assessment is important. Two basic types of risk assessment surveys can be conducted by an off-site loss prevention representative: a "desktop" risk assessment, which typically is handled via phone or video conference, or an on-site risk assessment, conducted at your workplace.

## Desktop Risk Assessment

There are distinct advantages to a desktop risk assessment: it's simple and easy to conduct; it's less time-consuming than an on-site risk assessment; it may be conducted in more than one session if need be; and it can be done very quickly when a need is identified. However, in the case of non-office environments (manufacturing, etc.), an on-site risk assessment should also be conducted as a follow-up.

Conducting only a desktop risk assessment presents some drawbacks, as some potential hazards cannot effectively be identified without seeing the worksite and talking with the employees who work there.

## On-site Risk Assessment

An on-site risk assessment, typically conducted by a contracted Loss Prevention manager or your PEO's Risk Management department, is much more in-depth and allows for both immediate feedback and comprehensive recommendations. The loss prevention representative will conduct an initial evaluation of workplace hazards associated with your business operations and procedures, and evaluate the effectiveness of safety measures already in place.

# WHY DO YOU NEED A RISK ASSESSMENT SURVEY?

During the risk assessment, he or she will tour all areas of your business, from your offices to production facilities (if applicable) and grounds, identifying possible hazards, talking with managers and workers, and making notes in order to provide formal recommendations. In the event of an OSHA complaint, inspection, or even legal action by an employee, a PEO's risk management team is your best defense. Not only will you have documentation of safety training and other measures already in place, but the PEO's risk management team will assist you throughout the entire process.

Workplace injuries happen every day. Minimize your employees' – and your company's – risk by working with a risk management and safety professional.

# OSHA REQUIREMENTS:

## What You Don't Know Can Hurt You

Do you know if your company is required to follow the Occupational Safety and Health Act (OSH Act)? Part of the United States Department of Labor, the [Occupational Safety & Health Administration](#) (OSHA) requires employers to maintain a workplace free from recognized hazards, and establishes safety and health standards for workplace operations. The OSH Act covers any employer that is engaged in a business affecting interstate commerce.

Employers in many industries are exempt from OSHA's basic injury and illness recordkeeping requirements. However, they still may be required to maintain records pursuant to specific applicable OSHA standards (See [29 C.F.R. 1904](#) et seq.). Additionally, all employers must report fatalities in the workplace or the hospitalization of three or more employees resulting from a workplace incident.

It is important to know that covered employers must retain the following records to comply with the Act:

### Form 300 — Log of [Work-Related Injuries](#) and Illnesses.

This form is used to record every work-related injury as follows:

- That resulted in the loss of a workday.
- That required medical treatment beyond first aid.
- That involved a loss of consciousness, restriction of motion, or transfer to another job.
- Any work-related condition involving a contaminated needle stick injury or cut from a sharp object, tuberculosis infection, and an employee's hearing test demonstrating the employee has experienced a Standard Threshold Shift in hearing.



### Form 301 — Injury and Illness Incident Report.

This form is used to record details about a workplace injury or illness, including the following:

- The employer's address.
- A description of the incident.
- A description and cause of injury or illness.
- The name of the treating doctor or hospital.

# WHY DO YOU NEED A RISK ASSESSMENT SURVEY?

These forms must be kept for five years following the year to which the record relates. Yearly updates are required to ensure accuracy.

## **Form 300-A — Summary of Work-Related Injuries and Illnesses.**

This form is used to simplify the posting and calculation of incidence rates. These forms must be kept for five years following the year to which the record relates. The summary must be posted from February 1 to April 30 following the year to which the form relates.

## **Employee Exposure Records.**

Exposure records and medical records must be maintained for all employees working in areas that may expose them to toxic substances or harmful physical agents. Generally, these records must be kept for 30 years, except biological monitoring results described as exposure records by a specific standard must be maintained as per the standard.

## **Employee Medical Records.**

These are records concerning the health status of an employee that are made or maintained by a physician, nurse, or other health care professional or technician. These records must be kept for the duration of employment, plus 30 years.

## **Occupational Safety and Health Act (OSH Act) Poster Requirements**

All employers must display the Job Safety and Health Protection poster prominently in their workplace in both English and Spanish. The penalty for failing to post the required notice is a fine of up to \$7,000!

### **The poster does the following:**

- Outlines what is required of employers and employees.
- Describes workplace inspections and complaint and citation procedures.
- Describes penalties.
- Encourages voluntary safety precautions.
- Describes consultation procedures with the Occupational Safety and Health Administration (OSHA).

If you are working with a Professional Employer Organization (PEO) and are covered under its' workers' compensation plan, the PEO will manage the OSHA 300 reporting for you, relieving you of that responsibility. For more information on completing OSHA Records logs, watch OSHA's [tutorial on how to keep an OSHA Records log](#).

Compliance has become a dreaded buzzword for business owners, for everything from the Affordable Care Act (ACA) to recordkeeping requirements. However, achieving and maintaining compliance with workers' compensation regulations and the Occupational Safety and Health Administration (OSHA) can help you keep employees safe and even boost your bottom line.

Having a safe workplace should be a basic expectation for any employee, as well as a fundamental obligation for all employers. To this end, OSHA established specific standards to be enforced for all types of businesses, to ensure the safety of workers and give them recourse in the event of a safety or health hazard in the workplace.

## The costs of non-compliance

Every year, business owners pay millions of dollars in fines and penalties for non-compliance. Worse, according to [OSHA](#), every year workplace injuries, illness and deaths cost our nation \$170 billion. When employees are concerned about poor working conditions or possible injury, morale suffers and discontent grows.

Keeping your employees safe and managing your company's overall risks should be the goal of any good employer, and it also can have great financial advantages, from increased productivity to reduced financial expenditures. It's a chain reaction: having fewer injuries results in filing fewer workers' comp claims, which results in a lower workers' compensation modifier for the employer, and more money in the business owner's pocket.

Concerned about compliance? There are many resources available through [www.osha.gov](http://www.osha.gov) for employers, from video tutorials to explanations of [OSHA standards](#).

A better option is working with a [Professional Employer Organization](#) (PEO), which has a team of risk management and loss control experts who can help you achieve compliance and measure success in several ways:

- [Safety and Loss Prevention](#)
- Initial evaluation of workplace hazards associated with operations and effectiveness of safety controls, with formal recommendations as appropriate
- Periodic follow-up visits
- Safety training
- Safety program development and implementation

# OSHA COMPLIANCE CAN BOOST PRODUCTIVITY & PROFITABILITY



- Regulatory compliance assistance

Compliance matters, both to your employees' safety and your company's bottom line.

# GET INJURED EMPLOYEES BACK TO WORK WITH LIGHT DUTY

Work-related injuries can and will happen, and it's important to help injured employees return to work as soon as possible. Not only will it help speed the worker's recovery, it will also help control the cost of a workers' compensation claim.

A "Light Duty" or "Early Return To Work" (ERTW) program allows injured employees to get back to work in a modified or restricted capacity, if they are unable to perform their usual job duties. Employers who implement a good ERTW program help their employees get back to work quickly, safely, and with any necessary accommodations. Some options include working reduced hours; performing a modified job, or performing a different job temporarily.

Employees can be brought back full time or part-time with full or partial wages with the insurance company making up the difference, if any, between the employees' pre-injury wages and pay earned post injury.

Historical data shows that the longer an employee is out of work, the less likely it is that he or she will return to work. When an injured worker is off work, the medical costs, legal fees and indemnity can increase significantly, affecting the insurance premium paid when the cost of claims is greater than the premium paid for coverage. In short, your bottom line can be affected by increased premiums paid to the insurance company.

An ERTW program also can increase employee morale by letting workers know you value them even when they're not working at full capacity, and keep them involved with the rest of the team.

We hope this Human Resources Best Practices Guide has helped you take a critical look at opportunities at your company. Running a business in today's competitive market means constantly raising the bar. Working with an accredited PEO partner, like Staff One HR, can help you attract better employees and retain your most valuable team members with excellent benefits, solid company culture, and performance management. And having a team of certified professionals handling your HR, payroll and benefits can help you avoid fines and penalties, stay out of the courtroom, and finally focus on growing your business.

If you're interested in speaking with a professional Business Consultant about what a PEO can do for you, [contact us](#) today.



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