

It's Time for an Employment Practices Audit

Glenn Israel | 4 January 2010

As we head into 2010, many businesses are still reeling from the recession and looking for new ways to reduce costs and increase revenues. The plaintiffs' attorneys, the government and the unions are looking for new sources of revenue too, and you don't want your company to be on their list!

Now is the perfect time to conduct an employment practices audit. There are four basic steps to every audit: 1) formulate a plan for the audit; 2) gather information; 3) analyze that information to identify areas of risk; and 4) develop options to reduce the risks you have identified. This is something you can do internally, or with the assistance of counsel. It is less expensive to do an internal audit, but having counsel involved has three major advantages: 1) the audit will most likely be completed more quickly; 2) you will have the benefit of an independent point of view; and 3) you can take advantage of the attorney/client privilege to protect confidential information.

Some high risk areas where claims have been increasing in recent months are wage and hour, employee classification, taxes and benefits, discrimination and harassment, union organizing, medical and other types of leave, and a relatively new but rapidly growing area of risk -- data privacy and social networking. Lower risk areas that also should be looked at as part of an audit include hiring procedures, job descriptions, employee handbooks, vacation/PTO policies, solicitation policies, progressive discipline, grievance procedures, termination procedures, and emergency preparedness.

Although many companies view employment practices audits as an inconvenience and an expense, they are very important and very cost effective tools that can reduce your exposure to lawsuits, government enforcement actions, and union organizing efforts. If you would like additional information about employment practices audits in Maine, please contact Glenn Israel of Bernstein Shur at (207) 774-1200. In New Hampshire, contact Andrea Johnstone at (603) 623-8700.