

PERRY RESOURCES, INC.
HUMAN RESOURCE DEPARTMENT AUDIT
CHECKLIST

1. **What does the Company stand for?**
 - A. Vision Statement
 - B. Mission Statement (if different)
 - C. Values
 - D. Operating Principles

2. **Promote Ethical Behavior**

(Does your organization do enough to inspire, demand, and reward ethical behavior?)

 - A. Are there stated core ethical values?
 - B. Have the core ethical values been (are consistently being) communicated?
 - C. Is there a high-level ethics officer or committee to investigate charges of alleged impropriety?
 - D. Is the response to allegations of impropriety meaningful?
 - E. Is there a formal commitment to ethics?
 - F. Is there an ethics' vision?
 - G. Are questionable business practices permitted to exist or does management "walk its talk"?
 - H. Are ethics criteria a part of performance goals for employees?
 - I. Do your organization's leaders reward ethical behavior?
 - J. Are allegations of misconduct investigated and responded to in a timely, thorough fashion?
 - K. Has your organization implemented ethics training as a means of providing all employees with tools to deal with ethical issues and dilemmas in the workplace?
 - L. Does your organization have a "code of ethics" and/or a guide for ethical decision-making?
 - M. Is there an anonymous way to report potentially unethical activities?
 1. Internal "Hot Line"
 2. External (third party) Hot Line
 3. Other???

3. **Organizational Charts**

Charts will be developed or updated for:

 - A. Appropriate reporting lines.
 - B. Staffing configuration by functional area.
 - C. Staffing complement by functional area.

4. Job Descriptions

Should be current and in the following format:

- A. Brief description of overall purpose for this position existing.
- B. Key accountabilities.
- C. Reporting responsibilities (multi-directional).
- D. Complete listing of specific activities
- E. Exempt classification status (FLSA).
- F. Immediate supervisor's concurrence (signature).

5. Employment Procedures

- A. Recruiting sources - identify.
- B. Cost effectiveness of recruiting process.
- C. Profile of labor market.
- D. Recruitment and selection policies and procedures.
- E. Legal requirements? Are they being followed?
- F. Outplacement - exit interviews, legal requirements, history and potential for litigation, outplacement assistance program.
- G. Turnover reports exist? Followed-up?

6. Salary Administration

- A. Salary Structure
 1. Competitive levels/frequency of surveys, etc.
 2. Structure/grades and specific ranges for classification by function and level of responsibility.
 3. Provide performance incentive?
 4. P/R records.
 5. Frequency of reviews; time since last review, etc.
 6. Structure provide consistency in wage administration?
 7. Includes adjustments required by labor codes.
 8. C.O.L. adjustments?
 9. Relevancy of salary program to staffing complement and configuration.
 10. Salary planning.
- B. Incentive compensation; Is there any? If yes, then...
 1. Bonuses?
 2. Commissions?
 3. Sales incentives, compensation programs and historical payouts.
 4. Annual cash profit sharing.

7. Benefits Administration

- A. Benefits overview - government mandated plans, voluntary plans:
 - 1. Vacation leave.
 - 2. Sick leave, funeral, paid days off, etc.
 - 3. Holiday listing.
 - 4. Working hours, breaks, lunch
 - 5. Insurance coverage:
 - a) Health?
 - b) Dental?
 - c) Disability: short and long-term disability?
 - d) Group term life and/or permanent life?
 - e) Workman's Compensation?
 - f) Accidental Death and Dismemberment?
 - 6. Suggestion plans and various incentive plans.
 - 7. COBRA letters/notices current?
- B. Future Security plans:
 - 1. Retirement?
 - 2. 401 (K)?
 - 3. Profit Sharing?
 - 4. Deferred Compensation?

8. Employee Relations

- A. Effectiveness of company communications programs.
- B. Problem discussion procedure.
- C. Performance appraisals and interviews.
- D. Training and development.
- E. Team building exercises.
- F. "Work Rules," disciplinary procedures and performance improvement plans.
- G. Employee Relations skill level of managerial staff.
- H. Proper legal posters?
- I. Employee Handbook?

9. Systems, policies and procedures

- A. Personnel Policies and Procedures Manual?
- B. Knowledge of State Labor Code? Federal Labor Law Compliance?
- C. Management Staff knowledge of systems, policies, procedures?

10. Personnel Files

(Look for an up-to-date file for each employee.)

- A. Resume, employment application, offer letter.
- B. Vital information - name, address, employment date, date of birth. Dependents, language facility, educational background, seminars attended and training endeavors.
- C. Performance reviews (most recent).
- D. Benefit plan enrollment forms.
- E. Salary and classification transactions.
- F. Applicable correspondence.
- G. Confidentiality Statements - Non-compete Agreement, etc.

11. Manpower Planning

- A. Staffing strategies - tactical and long range.
- B. Succession planning.
- C. "Bench Strength" assessment.

12. Miscellaneous

- A. Discussions with key employees.
- B. Is there a H.R. function? What is role of H.R. function?
- C. Reporting requirements to H.R. function information sharing.
 - 1. Monthly update - vital information, all personnel/salary transactions (terminations, new hires, reclassifications, promotions, etc.)
 - 2. Quarterly organization chart updates.
 - 3. Quarterly manpower reports.
 - 4. Quarterly turnover reports.
 - 5. Annual salary plans.
 - 6. Annual salary surveys.
- D. Communication links to H.R. function?
- E. Compliance with Labor Legislation:
 - 1. EEOC - Civil Rights Act (as amended)
 - 2. COBRA
 - 3. Immigration laws
 - 4. ERISA
 - 5. ADA
 - 6. Age Discrimination in Employment Act
 - 7. Family and Medical Leave Act (FMLA)
 - 8. FLSA
 - 9. NLRA
 - 10. Worker's Adjustment and Re-training Act
 - 11. State regulations