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Vital Business Solutions Newsletter

Employee Termination

How are you handling your employee's termination process? Are you taking the right steps to terminate an employee? Whether the separation is voluntary or involuntary, there are essential steps to ensure the proper termination of employees. Various departments, such as Human Resources, Accounting/Finance, and IT are involved in the termination process.

Basic items to address **before the last day of employment**:

Human Resources

- Ensure performance issues and disciplinary actions are documented, if termination is involuntary
- Prepare [COBRA](#) letter
- Schedule exit interview
- Cancel stock options

Accounting/Finance

- Prepare final paycheck
- Check for final balances on corporate credit card
- Cancel credit card
- Request final expense reports
- Pay final expense reports

IT

- Cancel voice mail account effective employee's last day.
- Request to have employee's network access closed effective employee's last day.

In addition to preparing for the upcoming termination, there are other important actions to complete **on the employee's last day**, including explanation of COBRA benefits, Non-Disclosure Agreement, 401(k) withdrawal, conducting an exit interview, and other actions. Please visit the VBS Website and download a free copy of a sample [Employment Termination Checklist](#).

In general, crucial legal considerations during employee termination include:

- COBRA - Continuing Health Benefits
- Unemployment Benefit
- EEO - Discrimination
- Whistleblower and Non-Retaliation Protection
- Veterans Rights
- [The Warn Act](#) (if more than 100 employees)

Last Pay Check (follow State rules)

Reduction in Force (RIF)

With the current economic status, some companies cannot avoid carrying out reduction in force, based on shortage of funds, lack of work, or restructuring. Employers must consider the RIF regulations to be legally compliant. Please follow this link to a summary discussing the procedures in the RIF regulation:

[Summary of Reduction in Force Under OPM's Regulations.](#)

Sources:

<http://www.dol.gov/dol/topic/termination/index.htm>

<http://www.opm.gov/rif/general/rifguide.asp#4>

How is Employee Role Merging Working for You?

Increasingly, employers are cutting staff and merging roles in the hope to reduce cost, streamline processes, and increase efficiencies. Have you assessed the skills of your current staff to ensure you maintain your talent level while decreasing cost? How do you determine the qualifications of your current staff to be able to meet the new direction of your company?

It is important to accurately assess your current talent pool, then determine how it matches with your company's needs before merging roles. Role merging can have a devastating impact on your employees, if your process is not thoroughly evaluated. It can cause employees to burnout and end up being more costly to the company.

Roles that are often merged in small businesses are those of the Accounting Manager, Office Manager, Administrative/Executive Assistant, and the HR Professional being rolled into one position. While some of the knowledge, skills, and abilities that are required for each role may cross, the company does not benefit from the value that each employee brings to a specific role. For example, an Accounting Manager uses accounting concepts to solve complex accounting issues and put controls in place based on company policy. This is an important focus in a company and deserves the time and attention of a true professional. On the other hand, this Accounting Manager may be asked to take on some Human Resources Management tasks but is not aware of the various labor law compliances pertaining to the hiring and termination of employees.

Risk levels rise when individuals are placed in charge of completing activities and meeting goals that are not specific to their areas of expertise. An Executive Assistant may not be aware of various employment laws pertaining to discrimination, proper record keeping, hiring and firing, but those activities may be part of his or her daily function. Additionally, employee relations can be tricky and demand certain skills and knowledge to handle effectively. Engaging and retaining employees while addressing issues the right way can impact turnover. High employee turnover is costly to the employer and can also damage the employer's reputation.

When considering merging roles, employers should identify and address the skills deficiencies and work toward gaining increased efficiencies. It is helpful to properly vet your available talent pool, restructure your business to best use those talents, and train employees. Taking the time to complete these actions can go a long way in merging roles successfully.

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