

HR Insights

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Year-end HR Activities

The last months of the year are a great time for HR professionals to ensure they're prepared for everything that needs to be done. It's also an opportunity to evaluate which HR processes organizations want to take forward into the new year and which to leave behind. While certain HR compliance activities must be completed by the end of the year, HR professionals can also use this time of preparation to focus on tasks that will set their organizations on the right course for next year.

This article provides an overview of general, compliance-related, and employee compensation and benefits activities HR may need to tackle at the end of each year. The activities outlined in this article are not exhaustive. Because an organization's failure to comply with certain year-end requirements can result in significant legal and financial consequences, employers are encouraged to seek legal counsel to discuss any specific issues.

General Activities

The end of the year is usually a busy time for HR professionals. They must accomplish a lot in a relatively short time period to close out the year and prepare for the upcoming one. These tasks may include:

- Completing annual performance reviews
- Asking employees to update their personal and contact information
- Backing up HR data and personnel files
- Establishing an annual budget and allocating resources
- Reviewing recruiting and hiring processes
- Creating plans for new hires

HR can also create and update succession plans and job descriptions.

The following tasks are general activities HR professionals should consider completing at the end of the year.

HR Metrics Development

The year's end is an opportunity to review the year, analyzing what went well and where improvements can be made. This provides HR a chance to develop meaningful metrics for the upcoming year. These metrics may measure:

- Employee engagement and satisfaction
- Employee productivity
- Turnover rate, including new hire turnover
- HR growth compared to revenue
- Average time to fill open positions
- Offer acceptance rate
- Promotion rate
- Time to hire
- HR-to-employee ratio

By aligning HR metrics to long-term organizational goals, HR can positively impact an organization's growth and facilitate strategic decision-making.

Workforce Analysis

Workforce planning is a common year-end HR task. Such planning allows organizations to forecast staffing needs for the upcoming year. This also provides HR with an opportunity to review and analyze an organization's workforce strengths. By engaging with leaders and managers, HR can help identify outstanding talent and ways to develop their capabilities. This allows an organization to maximize the full potential of its workforce.



Value Alignment

HR is generally responsible for an organization's values. HR can have a positive impact on an organization by aiding employees in understanding the significance of their contributions and how they align with the organization's values. The year's end is a great opportunity to review an organization's core values and define employee engagement initiatives. HR can help engage and align employees with the organization's purpose and values, which can positively impact an organization's attraction and retention efforts.

Employee Feedback

The end of the year can be an opportunity to identify areas of improvement. Employee engagement surveys can give organizations meaningful feedback from employees about what is working and what isn't. By soliciting employee feedback, organizations can gather insights to improve employee engagement and morale, boost productivity, strengthen retention, refine internal processes and meet organizational goals. With a better understanding of existing issues, HR professionals can not only identify areas of improvement but also implement changes that can positively impact the organization in the upcoming year.

Employee Communications

HR tends to receive an influx of employee questions at the year's end regarding benefits, holiday schedules and tax information. Clear and frequent communication is essential to keep employees informed of year-end information and responsibilities. Communications can address topics such as required training or W-2 distribution. HR can even hold office hours to allow employees to ask questions.

Compliance Activities

Year-end is an excellent time to review how well an organization is complying with current laws and regulations. To ensure organizations follow all applicable laws and regulations, HR can conduct a compliance audit. Common items reviewed during a compliance audit include the following:

- Employee classification
- Personnel files
- Employee handbook

- Employment policies
- Employment and labor law posters

As part of its audit, HR can review employee documents, such as tax forms or beneficiary designations, to ensure they're completed properly and signed, if necessary. HR can also confirm employees have completed all required trainings and move terminated employee personnel files to storage. If HR uncovers issues during its audit, it can ensure they're corrected before the start of the new year. For example, if HR discovers the organization's employment and labor law posters are out of date, it can order updated posters.

Many organizations are legally required to submit year-end reports or notices, such as an EEO-1 Component 1 data collection report, Medicare Part D notice or annual reporting under the Affordable Care Act for qualifying employers. Despite all that must be done at year's end, HR must ensure these reports and compliance notices are prepared and submitted in a timely manner to avoid penalties and fines.

These professionals must also update organizational documentation and policies yearly.

Document and Policy Updates

A full review of an organization's policies and procedures may be necessary at the end of the year, as policies can quickly become outdated or need to be updated to address any legal or organizational changes. This allows adjustments to be made and processes to be improved so they run smoother in the new year. HR can verify that the most recent workplace policies are up to date and make any necessary revisions. This may include confirming employees have signed employee handbooks and forms for the code of ethics or conflicts of interest.

In addition, each year brings new regulations and compliance standards that organizations need to follow. HR can help organizations prepare for these changes by researching new laws and regulations and implementing all applicable changes.

Employee Compensation and Benefits Activities

Organizations often review employee compensation and benefits at the year's end. HR can compare employee salaries to the market average and consider making cost-of-living adjustments to stay competitive. It can also do the same for its benefits offerings. By conducting employee benefits surveys, organizations can learn what benefits employees want and value most and then update or tailor benefits packages to enhance their attraction and retention efforts.

HR professionals should consider completing following year-end compensation and benefits activities.

Employee Bonuses and Payroll

To avoid potential payment issues, HR can review employee wage, tax and withholding information at the end of the year to ensure it's accurate for the upcoming year. HR can also establish next year's payroll schedule and prepare for the first payroll run of the new year.

Many organizations distribute employee bonuses at the end of the year. HR needs to ensure that employees receiving bonuses have satisfied all requirements and that the payment amounts and information are accurate.

Time-off Calendar and Balances

Verifying employee time-off balances that will carry over to the upcoming year is a critical year-end HR activity. Carryover balances should be reviewed for accuracy to ensure time-off eligibility and carryover rules are applied correctly and employees are provided with accurate information. Any unused time off that can be paid out will need to be reviewed and added to the payroll. HR can also ensure next year's calendar includes the correct dates for company holidays. This is a simple task that can prevent headaches in the upcoming year.

Summary

Year-end activities can seem limitless, which may leave HR professionals feeling overwhelmed, and some tasks can be easily overlooked. By preparing early, HR can wrap up this year properly and set their organizations up for success next year.

For more HR-related resources, contact SCS Agency Inc today.