

Employee Departure - A Checklist Of Steps

When an employee departs a business, whether it's due to a resignation or termination at the initiative of the employer, there are a number of matters for an employer to "close-off" prior to the actual termination process.

These matters are usually co-ordinated by human resources personnel, but may be the responsibility of relevant line managers or, in a small business the owner/employer.

One of the most important goals an employer will have when they are faced with an employee termination is to ensure that there is as little disruption and inconvenience as possible to the business, other staff and clients. To ensure a clean, amicable break and continued productivity, high staff motivation and client satisfaction, there are a number of quite diverse issues that need to be addressed.

Following a list like the one below is a good method of ensuring that you, or other staff responsible, are consistent in covering all the required issues each time an employee leaves.

1. Document acknowledging termination or resignation

Has the reason for the employee's employment concluding been recorded in writing?

The company should provide the departing employee with a letter which should contain at a minimum details of:

- date of termination
- termination moneys to be paid, including any payment of annual leave, accrued sick leave or long service leave and
- a brief statement of the reason for termination (it is assumed that the termination was lawful.)

A copy of this letter should be provided to the employee with a copy retained by the company on the employee's personnel file.

2. Payment of moneys owing to departing employee

A break-down of final payments should be prepared for the employee, incorporating any outstanding wages, annual leave, accrued sick leave or long service leave owing.

Note that the relevant superannuation fund(s) must be notified of the employee's departure from the company.

3. Worker's Compensation

The insurer should be informed that the employee is leaving the company if the employee has a current or on-going workers compensation claim.

4. Other insurance

If there is any other insurance policy which covers the departing employee, then the insurers should be informed of the employee's departure. For example, the employer may have taken out 'key person insurance' for an executive employee.

5. Keys and access instruments and employee uniforms

Have all keys and access instruments been returned by the employee? Check that all door keys/cards, other security keys, parking station access keys, safe keys and keys to other storage facilities for example filing cabinets etc. have been returned.

Where required, have all clothing garments which were provided by the employer to the employee as part of an official uniform, been returned?

6. Books, software and other documents

Have all books and software and other documents belonging to the company been returned? This should include all copies of such documents in the employee's possession.

7. Tools and equipment

Have all pieces of company equipment or tools been returned by the employee? This may include computers (and related equipment), mobile phones and any tools of trade owned by the company.

If a mobile phone is returned to the company does the employee need to sign transfer of ownership papers? You may wish to check with your mobile phone service provider.

8. Computer access

Has employee access to all company networks, computers, telephones or other technology been barred?

In relation to the employee's phone, is the employer aware of the password to access voicemail? If not the employer should find out this code before the employee departs.

9. Business contacts

Have all relevant business contacts been informed of the appropriate person(s) to contact in future for the carriage of a matter? This should preferably be advised by letter.

10. **Car/vehicle**

Has the company car/vehicle been returned? If the vehicle was leased by the employee as part of his/her contract of employment, has the lease been transferred back to the company or wholly to the employee (whichever is applicable)?

11. **Credit cards and other credit facilities**

Have credit cards (including petrol cards) been returned? Have credit facilities at restaurants etc been cancelled? Have outstanding personal charges on such cards etc been recouped from the employee? (Note: without the employee's agreement, such personal charges can't be automatically deducted from the employee's final payments.)

12. **Authorisation rights**

Have internal company authorisation rights re: finances been appropriately altered?

13. **Subscriptions to magazines, updating services and Internet sites etc.**

Have all subscriptions to magazines, updating services, Internet sites and the like been redirected or cancelled?

14. **Business cards**

Have all business cards of the departing employee as an employee of the company been returned to the company?

Have all business cards of business contacts obtained by the employee during the employee's employment been returned to the company?

15. **Internal advice regarding the employee**

Have other departments and branches which have had connection with the departing employee been informed of the employee's departure?

It might be appropriate to send out an email informing the company of the employee's departure including the date of his/her final day. (Generally, such communications should not give the reason(s) for the departure.)

16. **Special conditions/package benefits**

Have benefits such as payment of school fees, tertiary fees and telephone accounts been addressed?

If there is a return of service for the payment of tertiary fees and the employee is departing before the expiry of this time, then the employee may be required to pay money back to the company.

17. **Director/Company Secretary**

Is the employee a Director or Company Secretary?

If the employee holds specific offices with the employer, have all resignations and necessary documentation been completed and provided to the appropriate authorities?

18. **References**

Has the employee sought a reference and has one been provided in accordance with the policy of the company?

The reference given, whether verbal or written, should state the truth about the former employee's performance, reliability, punctuality etc. It is necessary to ensure that the contents of the reference are not a misrepresentation of the former employee's record of service by depicting that the employee's service was either better or worse than it was.

This is important because future employers may be relying on the information in the reference when deciding whether or not to employ the individual.

Employers can leave themselves open to a civil action brought either by a former employee, or a former employee's new employer, if they don't take the required level of care when providing references.

NB: This document does not assist with the correct approach to take when terminating an employee. If you require such information you should seek legal advice. Australian Business Lawyers (such as Jackson McDonald) can assist in this regard. This document assumes lawful termination of an employee.

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