

STAYING COMPLIANT: IMPORTANT HR GUIDELINES FOR ALL ORGANIZATIONS

HR COMPLIANCE IS A CRITICAL COMPONENT OF MANAGEMENT AND IT'S IMPORTANT THAT YOUR ORGANIZATION REMAINS CURRENT WITH THE LATEST LAWS AND REGULATIONS CONCERNING EMPLOYER-EMPLOYEE RELATIONSHIPS.

Although it may be tempting to place proactive compliance management on the back burner, observance of federal, state and local laws needs to be at the forefront of every organizations' attention to avoid significant penalties, lawsuits and other negative consequences that can derail the organization from meeting its mission.

Organizations should adopt and adhere to a set of guidelines and procedures for managing employees and volunteers. This should include a code of ethics for employees, management and Executives, handbooks that include anti-harassment and nondiscrimination guidelines, as well as other important policies. Additionally, organizations should adopt and adhere to the following:

- **Verification of Employment Status**

This is a crucial step in the hiring process. Be sure to verify the employment status of all potential hires to ensure that they are legally residing in the United States. This may be done via an **I-9** or the **Employee Eligibility Verification Form**. It is important to keep the I-9 on file for either three years after the date the employee was hired or one year after his or her employment ended, whichever is later. I-9 forms (and other records that contain confidential employee information) should be stored separately from other personnel files.

- **Pay Compliance**

The Fair Labor Standards Act is a federal law that governs pay and overtime across the United States. While each state has different minimum wage requirements and overtime pay regulations, it's important to understand the laws in your area so you can be certain you are paying your employees appropriately for time worked.

DID YOU KNOW?

In March 2019, the U.S. Department of Labor released a proposal to update the overtime rules under the federal Fair Labor Standards Act. Employers should be prepared to raise salaries to meet the minimum thresholds, pay overtime when appropriate, and otherwise adhere to the new rules when they go into effect. While exempt and non-exempt classification guidelines (also known as "the job duties test") are not expected to change, the proposed "salary test" requires workers to earn at least \$35,308 on an annual basis to be exempt from overtime, a marked step up from the current threshold of \$23,660.

Employers with salaried employees paid under \$35,308 annually should closely monitor the development of the rule and be prepared to adjust their pay practices. If the proposal goes into effect, the new threshold will likely take effect in early 2020.

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- **Equal Opportunity Compliance**

When an organization hires (or terminates) an employee, it's important to remain in compliance with federal and state laws. Keep in mind, it is against the law to make employment decisions based on race, age, gender, disability status and many other protected classes. These employment decisions include hiring, firing, promotions and salary changes to name just a few.

- **Health Care Compliance**

With the ongoing changes to health care, it is more important than ever for organizations to understand their responsibilities when it comes to offering employees health care and the penalties companies may face when they are not in compliance. Often these laws can be confusing, and organizations may find that they need assistance in sorting out what is and is not required of them.

- **Medical Leave Compliance**

The Family and Medical Leave Act (FMLA) allows eligible employees to take up to 12 weeks off, unpaid, for certain qualifying events such as their own illness or the illness of an immediate family member. Ensuring you have the proper paperwork on hand and that you are in compliance with the FMLA is important in the event that you have an employee that needs to take this time off.

WHAT HAPPENS WHEN YOU'RE NOT IN HR COMPLIANCE?

When it comes to HR compliance, organizations who are not in compliance with the latest federal, state and local regulations can face significant fines in the amounts of thousands to hundreds of thousands of dollars, often depending on how egregious the error is and the size of the organization.

PROACTIVE STEPS TO TAKE:

Have an Employee Handbook & Update it Frequently

Every organization should have a handbook that has detailed procedures and regulations available to employees at all times. Be sure to ask new hires to read over the entire handbook and provide a signature as proof that they have read it. The handbook should be used as a communications tool that clearly states the organization's policies and procedures to stay compliant. The handbook should also be made available to your organization's Executives for reference.

Educate & Train Your Employees and Managers

Aside from having your employees read the Employee Handbook thoroughly, you should implement education and training programs. It's important to keep track of attendance, which may serve as evidence in case of future audits. Additionally, you should train managers on how to avoid and handle situations involving harassment and discrimination. Harassment and discrimination training helps reduce the risk of lawsuits, potentially saving businesses substantial investments of time and money. In some jurisdictions, training is now mandatory and there are important new-hire and ongoing training regulations to which companies must adhere.

HUMAN RESOURCES REGULATIONS ARE ALWAYS CHANGING

Regulations that may impact your organization are always changing, and it can be difficult to stay up-to-date and proactively ensure that the organization stays compliant. Your Sikich HR Consulting team is here to guide you to ensure your organization remains compliant.

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