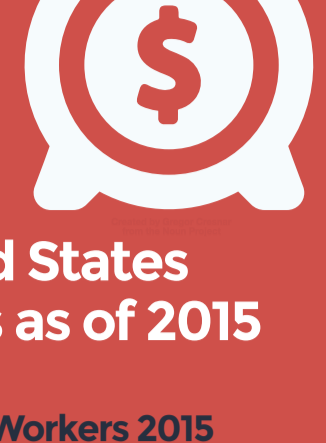


# Managing Labor Compliance with automated timekeeping



Are you tracking employee hours every day? Anything else puts you at risk.

# 58.5%



of workers in the United States were hourly employees as of 2015

US Bureau of Labor Statistics, Characteristics of Minimum Wage Workers 2015

<https://perma.cc/7FV6-MWY3>

Automated timekeeping & scheduling make it simple to:

- Record when employees start/end each day
- Record meal/rest breaks as they occur
- Track vacation and sick leave
- Enforce compliance with local, state and federal laws
- Show proof of compliance on short notice

## THE RISK OF NON-COMPLIANCE IS HIGH

**\$1.2 BILLION** in back wages recovered by Department of Labor in last five years

**280 K** employees received back wages recovered by the Department of Labor in FY2016

**\$30 K** average back wages paid by an organization for a typical issue (DOL)

**90%** of all state and federal class or collective actions filed in the United States are wage and hour claims

Littler Mendelson; "Trends in Wage and Hour Litigation Over Unpaid Work Time and the Precautions Employers Should Take," 2012

**77%** increase in wage and labor disputes 2004-2010

Ed. D. March 8, 2010, FLSA Wage and Hour Litigation Are On the Rise | National Employment Lawyers' Association

**73%** of wage/hour investigations result in findings

Bruce, Steve; "73% of Wage/Hour Investigations Result In Findings," HRdailyadvisor.blr.com, November 2011

Accurate timekeeping is critical to proper pay, proving compliance and responding quickly to audits:

AFFORDABLE CARE ACT	FAIR LABOR STANDARDS ACT	FAMILY MEDICAL & LEAVE ACT	DEPARTMENT OF LABOR
MEAL & REST BREAKS	OFF-THE-CLOCK	ROUNDING METHOD	RECORDS & REPORTS

## CASE 1 BIASED ROUNDING

Timekeeping systems often round start and stop times, with the assumption that the effect will be neutral. However, if you also have a company policy that defines tardiness more narrowly, the rounding effect will most likely be in your favor. This could result in accumulations of bias.

### THE COST

A company with **25** hourly employees requires them to be at their workspace from 8am until 5pm. It takes several minutes to comfortably walk from the timeclock to their station, so everyone clocks in **4 to 6** minutes early. A similar delay occurs at the end of shift. This adds up to **800 to 1,000** hours of potential wages lost and a risk of legal action.

## CASE 2 OVERTIME

There are strict rules about overtime calculations and they vary by jurisdiction. All overtime worked must be paid, even if the work was not authorized. It is easy to run into overtime without careful planning, scheduling and timekeeping. Making any modifications to timecards to reduce or eliminate overtime is against the law.



### THE COST

if **10** workers clock in **20** minutes early and this pushes them into overtime, you must pay them overtime rates (a company policy against this behavior does not free you of the obligation to pay). Anything else is **NON-COMPLIANT**.

## CASE 3 OFF-THE CLOCK WORK

If your employees are **REQUIRED** to prepare for their job (e.g., don-and-doff a uniform and move to their work station under supervision), you may be required by local, state or federal law to pay for that time.

### THE COST

Time that is ruled as work must be paid. If you have **100** workers that spend **10** minutes at each end of their shift performing work off-the-clock, you could be subject to back wages and penalties. If unpaid wages push the effective wage rate below minimum wage, you may have an FLSA violation. Know the rules that apply to your employees.

## CASE 4 TIME CARD EDITING

There are many legitimate reasons that managers may want to edit time cards. There could be missed punches, incorrect job codes, or incorrect punches from proximity cards, for example. However, any changes to time cards that reduce wages could be seen as time shaving – a **serious violation**.

### THE COST

A supervisor reviewing time cards for his crew of **20** notices a few anomalies. Two workers did not punch out on Thursday. One worker was classed all day as an electrician, but really worked as a painter in the morning. Another worker wasn't scheduled to work at all on Monday but had clocked **8** hours. The supervisor edits all **4** cards, adding a 5 pm punch out for the first **2**, a code change for the **3rd** and removing hours for the **4th** entirely. These actions all change the wages due, could be incorrect and put the company at risk for audit.

Visit [gtm.com/business](http://gtm.com/business) or call us at **518.373.4111**

