

# COMPLIANCE REGULATION OVERVIEW

Staying compliant is hard. Understanding complex regulations can be even harder. Where does your organization stand? Find out using Paycor's Compliance Overview:



## Recruiting & Hiring Compliance

**THE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION (EEOC)** – The governing body responsible for enforcing federal employment discrimination laws which prohibit discrimination against a job applicant or employee due to their race, color, religion, sex, natural origin, age, disability or genetic information.

### Questions to Consider:

- ☐ Are recruiters and hiring managers asking compliant interview questions?
- ☐ Are all candidates treated equally?
- ☐ Are you capturing reasons for disqualifying a candidate?
- ☐ Can you produce documentation to support a specific hiring decision?
- ☐ Can you produce the appropriate reports in the event of an audit?

### Examples of Violations and Penalties

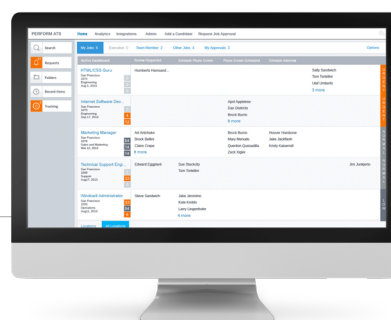
- In 2017, 84,254 workplace discrimination charges were filed with the EEOC. Victims were awarded \$398 million in settlements and litigation. <sup>i</sup>
- A New York construction company paid \$625k into a class settlement fund for discriminating against African-American employees. <sup>ii</sup>
- An Illinois restaurant agreed to pay \$1.9 million settlement for refusing to hire African-American applicants. <sup>iii</sup>

### How Paycor Helps:



#### ATS

- Pre-built EEOC Compliance Reports
- Electronic Document Storage



**IMMIGRATION REFORM & CONTROL ACT** – Requires that employers verify the identity and employment eligibility of anyone hired to confirm that all new employees may legally work in the U.S. via completion of the Employment Eligibility Verification Form.

### Questions to Consider:

- ☐ Did you know that employers must complete Form I-9 for each employee hired after November 6, 1986?
- ☐ Did you know that employees must sign a completed Section 1 of Form I-9 no later than their first day of employment?
- ☐ Did you know that employers are required to sign a completed Section 2 of Form I-9 within three business days of a new hire's first day of employment?
- ☐ Are you using the updated Form I-9?
- ☐ If audited by the US Citizenship and Immigration Service, would you be able to produce employee I-9s within three business days of when the request was made?
- ☐ Do you know how long you are required to retain I-9s?
  - ☐ Form I-9 should be retained for as long as the employee is working for you and for three years after the date of hire, or one year after termination, whichever is later.

### Examples of Violations and Penalties

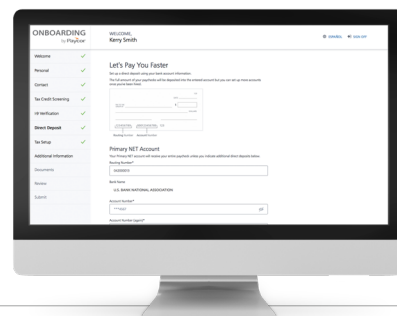
- Penalties for knowingly hiring and employing unauthorized workers range from \$375 to \$16,000 per violation.<sup>iv</sup>
- A Pennsylvania tree-trimming company was fined \$95 million for employing thousands of unauthorized workers between 2010 and 2014.<sup>v</sup>
- A Minnesota staffing company was fined \$276k for failing to adequately complete I-9 forms for more than 100 workers.<sup>vi</sup>

### How Paycor Helps:



#### Onboarding

- Guided I-9 Completion
- Electronic Signature
- Electronic Document Storage
- Simplified Recordkeeping





## Payroll Compliance

**TAX COMPLIANCE** – Paycor has a dedicated compliance team who monitors changes to withholding taxes and our tax compliance software helps clients eliminate uncertainty. How does your provider ensure tax compliance?

### Questions to Consider:

- ☐ Are your employees' IDs available in your payroll system for tax authorities?
- ☐ Are your employees' Social Security Numbers correctly entered in your payroll system and valid?
- ☐ Have your employees entered their appropriate address that can be used on their W-2?
- ☐ Are your State Unemployment Insurance rates up to date?
- ☐ Does your provider quantify State Unemployment to ensure you are controlling costs?

### Examples of Violations and Penalties

- Willful failure to pay over or collect payroll taxes is a felony punishable by up to a \$10,000 fine or five years in prison, or both. The IRS reserves criminal charges for the most outrageous cases. <sup>vii</sup>
- A Maryland business owner was sentenced to 24 months in prison and ordered to pay over \$2 million in restitution for failure to pay employment taxes. <sup>viii</sup>
- A Colorado business owner was sentenced to 28 months in prison and ordered to pay more than \$4.5 million in restitution to the IRS for failure to remit employment taxes. <sup>ix</sup>

### How Paycor Helps:



#### Payroll

- Payroll Tax
- Payroll Tax Filing
- Tax Credit Services
- Compliance Expertise



**FAIR LABOR STANDARDS ACT (FLSA)** – A federal law which establishes minimum wage, overtime pay eligibility, recordkeeping and child labor standards

### Questions to Consider:

- ☐ Do you pay non-exempt employees for hours worked over 40 in a work week?
- ☐ Do you review the job duties of your employees to ensure they are classified properly as Exempt and Non-Exempt?
- ☐ Do you update the following documents each year?
  - ☐ Employee handbook
  - ☐ Job descriptions
  - ☐ Company policies
- ☐ Where do you turn for HR information to update your policies and handbook?
  - ☐ Lawyer
  - ☐ Internet
  - ☐ HR provider
  - ☐ Other
- ☐ Do you use a time solution to record all hours worked?
- ☐ Are you retaining employee time cards and time sheets for at least two years?

### Examples of Violations and Penalties

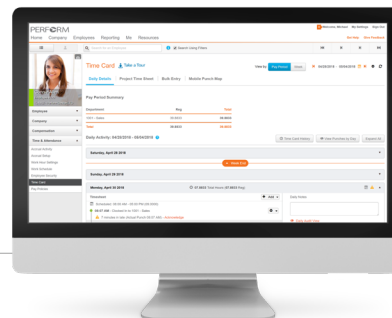
- The Wage and Hour Division can assess penalties of up to \$1,964 for each violation of the minimum wage and overtime requirements act. <sup>x</sup>
- A California company who misclassified employees as independent contractors, settled a suit for \$4.6 million. <sup>xi</sup>
- A Georgia healthcare provider was ordered to pay \$165k in back wages and damages to 237 affected employees for not properly paying employees for time worked. <sup>xii</sup>

### How Paycor Helps:



#### Perform Time

- Accurate Overtime Tracking
- Real-time Payroll and Time Data
- Overtime Reports & Analytics





## People Management Compliance

**AFFORDABLE CARE ACT (ACA)** –Requires employers with 50 or more full time equivalent employees to offer minimal essential health coverage at an affordable rate to all full-time employees (30+ hours) or face a penalty.

### Questions to Consider:

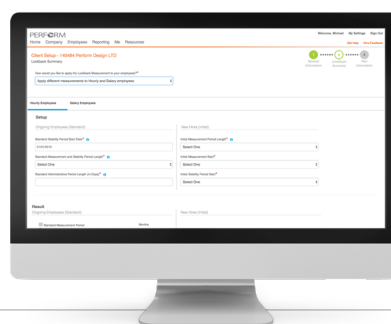
- ☐ Do you have at least 50 full-time employees and/or full-time employee equivalents?
- ☐ Are your health benefit plans considered affordable for your employees?
- ☐ Do you know which of your employees are considered full-time and eligible for health care coverage?
- ☐ Have you filed 1094-C and 1095-C forms with the IRS?
  - ☐ For 250 or more employees, electronic filing is required.

### How Paycor Helps:



#### ACA

- ACA Reporting Software
- IRS Filing
- Benefits Administration
- Live Support



**OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA)** – The agency responsible for establishing and enforcing standards that ensure workplace safety for employees.

### Questions to Consider:

- ☐ Are OSHA records up-to-date and readily accessible?
- ☐ Are employee training records accurate and up-to-date?
- ☐ Is the required OSHA workplace poster displayed in a prominent location for all employees to see?
- ☐ Are emergency telephone numbers posted in a location that can be easily found in case of emergency?

### Examples of Violations and Penalties

- The fine for serious OSHA violations is \$12,471, while the maximum penalty for willful or repeated violations is \$124,709.<sup>xiii</sup>
- A Florida construction company was fined \$1.5 million for failing to protect employees from fall hazards.<sup>xiv</sup>
- An Ohio manufacturer was fined \$569k for inadequate machine safety procedures.<sup>xv</sup>

### How Paycor Helps:



#### HR

- Track and Report OSHA 300 Records



**FAMILY MEDICAL LEAVE ACT (FMLA)** – A Federal law that guarantees certain employees up to 12 workweeks of unpaid leave each year with no threat of job loss.

### Questions to Consider:

- ☐ Has the employee been employed for at least 12 months in the last 7 years?
- ☐ Has the employee been paid by the business for at least 1,250 hours during the last 12 months prior to the start of the leave?
- ☐ Does the requested time off fall within one of these categories?
  - ☐ Care for a child during the first 12 months following birth
  - ☐ Adoption or foster care placement of a child
  - ☐ Employee's own serious health condition
  - ☐ Incapacity due to the employee's pregnancy, prenatal medical or child birth
  - ☐ Care for a family member with a serious health condition
  - ☐ Qualifying exigency military leave
  - ☐ Military caregiver leave

### Examples of Violations and Penalties

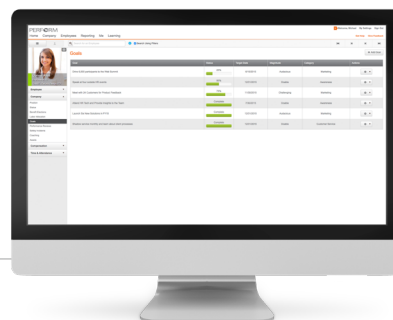
- Employers deemed to have violated an employee's FMLA rights are subject to a lawsuit that could include front and back pay, reinstatement, compensation and punitive damages.<sup>xvi</sup>
- A Connecticut grocery chain was ordered to pay an employee \$500k for an FMLA violation.<sup>xvii</sup>
- Verizon Wireless was required to pay a former employee \$454k for firing her in retaliation for her use of FMLA leave.<sup>xviii</sup>

### How Paycor Helps:



#### HR

- Expert Support from Certified HR Professionals
- Employee Handbook Customized HR Policies



For nearly 30 years, Paycor has maintained a core expertise in payroll and compliance. And we're proud to help our 30,000+ client base adapt and stay ahead of the latest federal and state laws and regulations.

Start a conversation with one of our expert consultants and learn how we can help protect your business.

**CONTACT US ▶**

*This information is not intended to serve as legal advice, only as information your organization should consider when reviewing compliance regulations. We recommend that you consult with an attorney to discuss specific compliance questions that may affect your organization.*

#### **SOURCES:**

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