

Everything You Need to Know About HR Compliance

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Introduction

There are so many layers to HR compliance that it can be a challenge for business owners to make sure they are checking all of their boxes to ensure full compliance with federal, state, and local HR regulations.

Fortunately, we've put together this eBook to help employers better understand how to approach HR compliance. After reading this guide, you'll have a much better idea of where to start – and what strategies you can implement – to make your business more compliant with general HR principles and regulations.

We'll start by giving a broad overview of the different areas of HR compliance. These include:



Benefits



Employee Relations



Day-to-day Operations



Hiring/Recruiting



Leaves of Absence



Compensation/Classification



Updated employee handbooks



Automating HR compliance with the help of technology

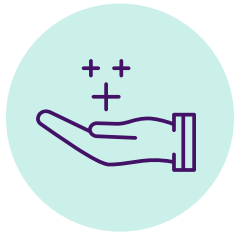


Staying up to date on HR compliance



Working with external partners

Areas of Compliance



Benefits

The benefits that you offer your employees heavily depends on the total number of employees that you have. If you have 50 or more employees, you'll need to take certain things into consideration, especially related to the Affordable Care Act, FMLA, and Affirmative Action. If you have 15 or more employees, the Americans with Disabilities Act (ADA) applies to you. Failing to comply with the requirements of these acts will not only potentially get you into hot water with government regulations, but it will also put you at risk for potential lawsuits from unhappy employees who don't feel they were given their full rights under the law.

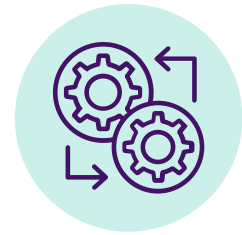


Employee Relations

Employee relations references the fair and equal treatment of all employees.

You must ensure
you're creating a safe
workplace and that
employees are respect
to each other.

A happy employee is much less likely to pursue litigation against you than an angry employee. Ensuring policies are well-communicated and are fair, goes a long way to creating a positive employee relations culture.



Day-to-day Operations

Because every industry has unique requirements related to the day-to-day well-being of employees, we cannot address every single element to consider about day-to-day HR compliance in this eBook. But it is important to keep in mind that different types of workplaces require unique considerations to achieve day-to-day HR compliance. For example, an auto body shop needs to provide certain protective equipment for their employees like safety glasses and work gloves. A telemarketing company most likely doesn't need to provide the same.

Alternatively, there are also some things that all employers must do, regardless of the type of workplace you manage. For example, employers are required to display a poster provided by the Occupational Safety and Health Administration (OSHA) that informs employees of the rights they have under the Occupational Safety and Health Act.

The benefits that you offer your employees heavily depends on the total number of employees that you have.

15+

50+

Areas of Compliance – continued



Hiring/Recruiting

If you are reading this eBook, then you are most likely in a position that regularly requires you to interview potential employees.

The best platform in the world will still hinder your operations if it does not integrate with your other technology.

You cannot ask about religion, race, sexual orientation, age, children, etc. You must keep the focus of your questions on the specific qualifications for the position and how the professional experience of the candidate helps them meet those qualifications.



Leaves of Absence

There are a few federal “Leave of Absence” laws that you need to be aware of. The first, and perhaps most common, is the Family and Medical Leave Act (FMLA). According to the U.S. Department of Labor (DOL), the FMLA “entitles eligible employees of covered employers to take unpaid, job-protected leave for specified family and medical reasons with continuation of group health insurance coverage under the same terms and conditions as if the employee had not taken leave.”

The “Families First Coronavirus Response Act” (FFCRA) was passed in 2020 and will continue to be relevant for the next couple of years. According to the DOL, this law requires certain employers to provide their employees with paid sick leave or expanded family and medical leave for specified reasons related to COVID-19.

There are many factors that determine which type(s) of leave your employees are eligible for. Be sure to research both of these laws to make sure you understand when you should or should not grant your employees FMLA or FFCRA leave.



Compensation/Classification

The last thing you want as a business owner is to face a wage discrimination lawsuit. Title VII, the Age Discrimination in Employment Act, and the ADA prohibit compensation discrimination on the basis of race, color, religion, sex, national origin, age, or disability. Make sure you are paying your employees fairly based on what they are worth, which can be determined by performing a market analysis of similar jobs in your industry.

Hiring a compensation consultant is one reliable strategy to make sure your compensation and employee classification strategies are compliant with relevant laws.

Employee Handbooks



An impactful way to help your company improve HR compliance is to implement the use of a well-designed employee handbook. Doing so can help your employees understand what their rights are by working for your company.

Handbooks also are an easily documented method to prove that you've communicated your company policies to your employees, should you ever need proof of doing so.

When you're getting started with your employee handbook, make sure you avoid the top two most common handbook mistakes:

- Don't make the handbook too technical or too long. Employees should easily be able to read and understand it.
- Make sure the policies outlined in the handbook actually align with company culture. In other words, "Practice what you Preach." For example, don't state in your handbook that

employees are expected to stay until 5:00 PM every day if it's common for them to sneak out at 4:30 PM without consequence.

It's also important to update your handbook at least once a year.

A handbook is an organic document that needs to be updated to include new employees and incorporate new laws, population changes (i.e. do you now qualify for FMLA?) or local laws, or adding addendums as more employees begin to work remotely out of different states. Set yourself a calendar reminder to update your employee handbook every year. Consider maintaining a file where you can list the needed changes as you identify them throughout the year – doing so will make the annual updating process much easier.

Maintaining an up-to-date employee handbook is also a great way to officially inform your employees about changes to company policy. The handbook is a great resource if ever have to defend yourself from complaints of, "Well...I didn't know about that policy!" Require that your employees read through the updated handbook every year, or at least send them a memo that outlines the changes to the handbook.

Many Human Resource Information Systems (which we'll talk about later in this eBook) have the capability of digitally gathering employee signatures that indicate they have read the memo or updated handbook.

Other factors that you'll want to consider as you develop your organization's employee handbook are as follows:

- The number of employees.
- The state(s) or country(ies) in which your organization operates.
- The industry. An automotive manufacturer will have a different handbook than an accounting firm.
- Whether or not the organization is a government contractor.
- Whether or not the employees can unionize.
- Whether or not you have the resources to regularly update your handbook.
- Whether the organization has purchased liability insurance.

Put Compliance on Autopilot



The more “Human” steps that are involved with HR compliance, the more likely it will be that errors will occur. As much as we can despise computers when they don’t do what we want, the fact of the matter is that humans are much more prone to make mistakes than computers.

The more you can automate your HR processes, the easier it will be to maintain HR compliance.

The most important technology for HR professionals is a Human Resource Information System (HRIS), as we referenced in the previous section. An HRIS is used to streamline data and compliance workflows. Working with a good HRIS vendor is crucial. When you are interviewing a potential vendor, be sure to ask them about their software’s ability to identify trends, centralize data, facilitate communications, and simplify workflows.

More specifically, you’ll want to make sure that the HRIS you choose to work with has the following capabilities:

Payroll process/integrations

This is the most complicated and important function in an HRIS, as it’s how your employees ultimately get paid. As complicated as this process is within the HRIS, is much more complicated to do it manually. Achieving employee privacy and data security is much easier when the payroll process is automated to comply with local, state, and federal government regulations. You’ll also want to make sure the HRIS can run unexpected payrolls as well as create the files necessary for tax filings.

Open architecture and custom programming

Every business is different, so every business will need different elements out of their HRIS. Make sure you choose an HRIS that has open architecture which allows you to work with the vendor’s team to customize the services to fit your exact needs. To help with this process, ask the representative from the HRIS provider the following questions:

- Does your HRIS have the ability to connect to other functions within my business?
- What integrations are offered in your platform’s application marketplace?
- How well does your HRIS sync with finance tech, CRM, IT, and other applications?
- Does the software allow me to create workflows?

- If my business grows to a point where custom programming or reports are needed, does the platform make it easier to layer these things in?

Benefits administration

The HRIS that you choose to implement should be capable of setting up and adding any number of benefits plans. As your business grows, so will the amount of benefits that you can offer to your employees. The HRIS should be able to grow with your business to accommodate and automate those exciting benefits additions for your employees. Keep in mind that a key aspect of facilitating benefits from an HRIS perspective is the ability to store information about employee benefits elections.

Compliance in general

An important reason that an HRIS should help improve your HR compliance is simply that it automates basic compliance needs. An HRIS should be able to maintain necessary records to prove compliance with COBRA, OSHA, FMLA, ADA, and EEOC. Once you get the hang of your HRIS, you should easily be able to create compliance reports for state and federal government agencies based on a calendar of important compliance dates that is stored within the system.

Experiment with your HRIS’ ability to create custom reports that tell you the exact information you need based on what region of the country and what industry you operate in.

Put Compliance on Autopilot – continued

Employee self-service

So far, all the important aspects of an HRIS that we've discussed have been from the perspective of you, the employer. Let's look at this from another perspective now. What are the benefits of a high-quality HRIS from the perspective of an employee?

An HRIS should allow employees to view their pay stubs and benefits information on-demand. It should also enable employees to update their information as needed. Employees who need to make routine requests, such as request PTO, should be able to do so directly through the HRIS. Managers should be able to access information about their direct reports and approve PTO requests.

Did your heart jump with excitement as you read that last paragraph?

Just think about all the time you can save (not to mention the risk you can avoid) by having an automated system manage those simple day-to-day employee needs.

Process documentation

HR compliance revolves around carrying out critical processes efficiently and legally.

Below is a list of just a few HR processes that are managed by an HRIS, although this list could go on and on.

- FMLA processes
- Separation/termination processes
- COBRA
- 401K access, other portable policies, etc.
- Onboarding
- Open enrollment

HRIS Conclusion

After you have considered each of the above capabilities of the HRIS you are vetting, you should feel like it fits your company's unique needs. If not, start looking around for the next potential option.

Here are some key takeaways about HRIS that you should remember:

- Try to have as many of your HR processes as possible automated into one system.
- Make it easy for employees to access info (self-serve portal)
- Regularly audit your policies and processes with the help of your HRIS, especially important if your company is growing
- Trust your HRIS more than you'd trust a human to manage HR processes. Assuming you have a reliable HRIS platform, the probability of error will be much lower.
- Make sure you can customize your HRIS so that it does exactly what you need it to.

How to Stay Up to Date on Compliance Changes



It's very possible that you will dedicate time, money, and other resources into implementing the recommendations in this eBook only to find that a new law has been passed that will force you to take a few steps backwards.

What are the best strategies to stay up to date on compliance

changes? The answer to that question is best found in relationships.

You should make sure you are actively involved in regular networking with key partners and peer groups.

Often times the members of these groups will have knowledge about what is coming down the pipeline of HR compliance.

Learn to identify reliable, informative HR sources. Many of these are HR service providers who host regular webinars, seminars, conferences, etc. Having a handful of go-to information sources can make a significant positive difference.

To summarize this section, cast a wide net that involves a variety of key relationships and trusted brands. Doing so will help you make sure that a constant stream of reliable HR updates reaches the key HR decision makers in your organization.

Working with External Partners



We will conclude this eBook with one final piece of advice: you should strongly consider working with an external partner to support you on your quest for HR compliance. It can be valuable to have access to someone externally you can partner with to help you understand how to put the correct compliance processes in place at your business and communicate effectively with your team.

At Launchways, we help our clients implement everything that we've discussed in this eBook, including:

- Reviewing and developing employee handbooks
- Electing and implementing an HRIS
- Consulting on the main topics of HR compliance, as listed in this eBook.
- Understanding and applying new regulations (emergency FMLA, sexual harassment training, legal recreational marijuana, etc.)
- Navigating challenging situations (documentation for employee terminations, dealing with COVID furloughs, etc.)

If you're ready to take your organization's HR compliance to the next level, get in touch with Launchways today.

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