

Top 6 HR Compliance Mistakes

(and how to fix them!)

1

Employee Misclassifications

Mistake: Improperly classifying employees as independent contractors

Consequences: Back pay, penalties and fines, legal claims

Solution: Review all employee and independent contractor roles to ensure compliance with the Internal Revenue Service (IRS) and the US Department of Labor (DOL) regulations

2

Documentation and Recordkeeping

Mistake: Inaccurate, incomplete, or missing documentation and inadequate recordkeeping

Consequences: Fines and penalties, lawsuits, loss of licenses, criminal charges, difficulty in defending employment related claims (wage and hour, unemployment, discrimination, etc)

Solution: Review processes for recordkeeping and documentation; use efficient document management systems, and conduct regular audits

3

Wage and Hour Violations

Mistake: Not complying with minimum wage laws, overtime pay requirements, and timekeeping requirements

Consequences: Fines, penalties, lawsuits and back pay

Solution: Track employee hours properly, classify employee exemption status accurately, stay current on wage and hour laws

4

Discrimination

Mistake: Discrimination in recruiting, hiring, promotion or termination processes

Consequences: Lawsuits, EEOC Investigations, fines and penalties and damage to your company's reputation

Solution: Develop a comprehensive anti-discrimination policy addressing fair recruitment and employment practices.

5

Policies versus Practices

Mistake: Your practices are not aligned with your policies or your policies are non-compliant

Consequences: Employee confusion, operational inefficiencies, exposure to legal claims

Solution: Establish clear, up-to-date policies, ensure they are effectively communicated to employees, and provide training to support understanding and compliance

6

Terminations and Offboarding

Mistake: Problematic termination decisions, including issues like discrimination, retaliation, or wrongful dismissal

Consequences: Lawsuits, EEOC investigations, fines, penalties, and back pay

Solution: Establish proper procedures for terminations including documentation requirements and ensuring compliance with relevant employment laws