



# A Guide to Investing in Compliance



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# Keeping Up With Changing Regulations Is Trickier Than Ever

In some ways, compliance is a clear-cut thing: you're either in compliance or you're not. There's not much room for negotiation in between.

As black and white as compliance status may be, getting to the state of being 'compliant' is often an extremely difficult task, and maintaining it requires constant attention. And it's a task that's more challenging for businesses now than ever before, thanks to a combination of:

- Growing complexity of organization structures and processes
- Ever-changing legislation and regulations, at the local, state, national and even global level
- The struggle to manage all this change with existing technology and processes

And while your specific challenges will depend on your circumstance, the general pressures are consistent across businesses of all sizes and stakeholders of all kinds.

**Do any of these sound familiar?**

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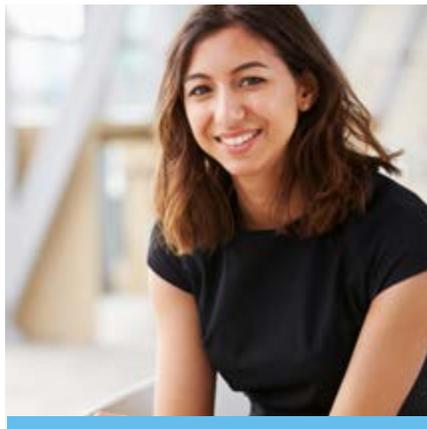
*There's a lot to know and understand. The most difficult part is translating those legal requirements to our staff and staying within our legal boundaries.*

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*I am certainly not an expert at compliance. But, we need to know the overtime terms and how to pay them. We don't always have that information so we err on the side of overpaying.*

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*There are requirements to communicating to employees what their balance (of paid sick leave) is. We're at a huge risk of being out of compliance if we get audited.*



40% of business owners reported that they have experienced **unintended expenses** as a result of noncompliance with government regulations.<sup>1</sup>



## Investing in Strategic Compliance

As your operations continue to grow in scale and complexity, staying compliant can feel like a near-impossible task. That's why many organizations swap manual, labor-intensive Human Capital Management (HCM) processes for consistent, scalable processes and expertise to help them keep everything under control.

The benefits of adopting a strategic approach like this include:

- Giving your organization the best chance of maintaining HCM-related compliance, across the board
- Reducing unexpected costs resulting from noncompliance
- Freeing up internal resources
- Driving strategic growth

If that sounds like a change that could benefit your organization, keep reading.

<sup>1</sup> [Midsized Businesses: Poised to Lose Balance in a Time of Uncertainty](#), ADP, 2017.

# Covering Your Compliance Needs Throughout The Employee Life Cycle

For many employers, compliance challenges arise in isolation. It might be a recruitment issue like candidate screening or a worry about health care benefits that's keeping you busy. But don't make the mistake of focusing solely on the issues right in front of you. You need to keep an eye on the bigger picture and get proactive about compliance from hire to retire.

Let's take a look at potential compliance issues through the employee life cycle and some best practices to keep in mind at each stage.

## Finding New People

Your compliance obligations start long before an employee's first day on the job. Here are some issues to look out for when you source, interview and screen candidates.



### Critical questions:

#### Q. Are we keeping candidate data safe?

A. Use a secure digital system to store and manage candidate information and correspondence, which only relevant employees have access to (research shows that 71 percent of employees have access to data they should not be able to see).

#### Q. Are we properly classifying workers and identifying tax credit opportunities?

A. Be sure to carefully distinguish employees from true independent contractors, and remember to classify new hires as Fair Labor and Standards Act (FLSA) exempt or non-exempt before they join, as the job offer should include detail of their eligibility for overtime pay. Then, make sure your time and payroll systems speak to each other, so you can track hours worked and overtime accurately. Likewise, identify Work Opportunity Tax Credits up front, so you can take advantage of tax incentives for your business.

#### Q. Do we avoid asking questions about protected characteristics?

A. Make sure your interviewers know what they can and cannot ask, and ensure that your candidate tracking system collects and securely stores protected characteristics like age, race, religion or disability for mandated reporting purposes, such as required reporting by the Equal Employment Opportunity Commission (EEOC) in the US.

#### Q. How do we manage criminal history and pre-employment screening?

A. Ensure you only screen for relevant details and avoid asking certain questions where prohibited by state or local law (which may vary by jurisdiction), while always protecting the privacy of the candidate. And remember to allow them time to respond to any adverse information you find.



Noncompliance with the GDPR will result in significant fines and penalties starting in May 2018. Sanctions can range from **2% of a company's global revenue** (or €10 million) for certain violations, to **4% of global revenue** (or €20 million) for other offenses.

## Onboarding New Hires



You've found the right candidate. Here's how to make sure you don't make a misstep in the onboarding process.

### Critical questions:

#### Q. Are we recording the right data in the right way?

A. Use a secure system, which keeps employee data and forms (for example, the Form I-9 in the US) up to date and complies with all the latest legislation, such as the General Data Protection Regulation (GDPR), and make sure you follow relevant state laws around the use of preferred pronouns, and limits on the collection of biometric data for employment/human resource purposes.

#### Q. How do we ensure employees have access to all relevant documents?

A. Store documents online in a secure but easily accessible format, with the ability to track who has and hasn't read important updates, such as corporate policies.

#### Q. Is all relevant training offered in a timely manner?

A. Use automated tools and notifications to track who has and hasn't completed training in the required time frame.

## Payroll, Tax and Reporting



Ensuring employees are paid in a secure, efficient and timely manner is one of the fundamental roles of an employer, so making sure you have the systems in place to manage the process is vital. Further, compliance with employment tax payment and reporting rules with each of the various local, state and federal agencies is critical to avoid stringently-enforced penalties.

### Critical questions:

#### Q. Are we processing tax forms (e.g., IRS and state Forms W-2 in the US) correctly?

A. Use an automated system to collect data, format and electronically file in accordance with each agency's specifications; track tax forms, and to keep records for the appropriate amount of time afterwards.

#### Q. How do we manage wage garnishments?

A. Managing wage garnishments should be a smooth process, to make life easy for you, your people, and all relevant courts or collecting agencies. Unfortunately, it's often anything but smooth, and mistakes can result in the employer becoming liable for amounts due.

#### Q. Are we doing everything we can to drive equal pay initiatives?

A. Hire faster and better than your competitors with a commitment to pay equity. Track employee pay and manage discrepancies, while staying ahead of changing legislation — rather than reacting to it.

## Benefits Administration

There are many benefits offered in the workplace — some are legally required, while others can be offered as perks to incentivize employees. Either way, you'll want to track them accurately and make sure they work in the best way for everyone involved.



### Critical questions:

#### Q. How do we manage pensions and retirement savings plans?

A. Pay, track and manage employee pension and retirement savings plans (e.g. 401(k) contributions) in an integrated system, making it easier for you to meet your fiduciary responsibilities. Keep an up-to-date timeline of expected employee retirement dates and the implications for your retirement plans.

#### Q. Are we on top of family, sickness and holiday leave?

A. Keep track of all employee leave eligibility, accrual and use in one place — to help you with paid leave compliance as well as resource planning.



## Find the right ADP solution for your compliance challenge:

### Finding New People

- [ADP Vantage HCM® Employee Recruiting](#)
- [ADP® eI-9 and E-Verify®](#)
- [ADP Background, Drug Testing and Medical Screening Solutions](#)
- [ADP SmartCompliance® Tax Credits](#)
- [ADP SmartCompliance® Employment Verification](#)
- [AIRS® Recruitment Training](#)
- [ADP Recruiting Management](#)

### Onboarding New Hires

- [ADP Vantage HCM® Employee Onboarding](#)
- [ADP Workforce Now® Employee Onboarding](#)
- [ADP Global Data Privacy and Governance](#)
- [ADP Document Cloud](#)

### Payroll, Tax and Reporting

- [ADP SmartCompliance® Employment Tax](#)
- [ADP SmartCompliance® Wage Garnishment](#)
- [ADP SmartCompliance® W2 Management](#)
- [ADP SmartCompliance® Wage Payments](#)
- [ADP Streamline® for global payroll](#)
- [GlobalView® HCM Payroll](#)

- [ADP WorkForce Now® Payroll & Tax](#)
- [ADP WorkForce Now® Time & Attendance](#)
- [ADP Vantage HCM® Time & Labor](#)
- [ADP WorkForce Now® Payroll](#)
- [GlobalView® HCM Time & Labor](#)
- [Enterprise HR®](#)
- [ADP Pay Equity Explorer](#)

### Benefits Administration

- [ADP® Comprehensive Services](#)
- [ADP Workforce Now® HR](#)
- [ADP Workforce Now® Benefits Management & ACA](#)
- [ADP Vantage HCM® Benefits Management & ACA](#)
- [GlobalView® HCM](#)
- [GlobalView® Benefits Management](#)
- [ADP Retirement Services and Advisor Access](#)

### Outsourcing

- [ADP TotalSource® HR Outsourcing](#)
- [ADP Resource®](#)
- [ADP Recruitment Process Outsourcing \(ADP RPO®\)](#)



# Bringing Everything Together

As the compliance priorities we've just covered demonstrate, staying compliant requires a controlled flow of data between your employee systems. So disconnected or incompatible systems aren't just a resource drain — they're also a compliance danger. When you integrate or outsource these compliance risks, you cut out this problem.

But technology alone is never enough. There will be times when you need to call on the help of a human being — someone with the experience and expertise to cut to the heart of whatever compliance issue you're facing, and to give you frame their advice in a way that's relevant to you.

At ADP, we offer compliance support across all aspects of the employee lifecycle. Whether you want to extend your existing technology, upgrade from another system, or fully outsource the function, we can help.

With ADP, you get compliance support in two key ways. First, you get the benefit of the compliance features and security built into our solutions. Second, you're encouraged to leverage the experts behind the technology who are focused on staying ahead of the changing regulatory landscape and the potential impact to our solutions.

## Your Next Steps

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We bring a wealth of experience and expertise, meaning you can:

- Leverage our tenured experts and support teams across the whole legislative and regulatory landscape
- Gain the expertise of 1,000+ associates focused on HCM-related compliance requirements
- Tap into over 60 years' experience in employment-related compliance infrastructure
- Benefit from our annual investment of over \$600M in process improvement
- Receive legislative alerts to inform you of new legislation that may affect your business
- Access webinars on trending legislation
- Use our global security vendor approval process, backed by the ADP Global Security Organization

In addition to our experts, you'll also be gaining insights from over 600,000 customers that we work with. We listen to our users and learn from their experiences — and that informs the continual development of the solutions we build to meet real-life challenges.

So, whatever compliance issues you're facing today, it's safe to say we've seen them before.

If you want to get strategic about compliance, call **855-237-2630**.

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