Compliance Buyer's Guide
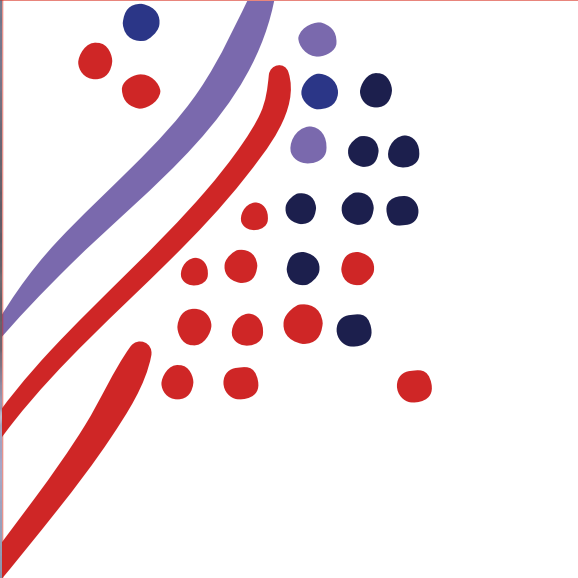
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Keeping up with changing regulations is trickier than ever.

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 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?

> " 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. "

> " 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. "

> " 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. "

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 operations and expertise to help them keep everything under control.

The benefits of adopting a strategic approach like this include:

1. HCM-related compliance across the board

2. Reduced unexpected costs from noncompliance

3. Less burden on internal resources

4. Strategic growth

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

Of all the business owners surveyed, **40%** indicate that they have experienced unintended expenses as a result of noncompliance with government regulations.[1]

1 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 you sourcing the best candidates for open positions?**

A: Hiring the wrong person for a job can lead to inefficient production and problems in the workplace. Use recruitment management technology to capture a higher volume of qualified candidates from a boarder audience and access real-time details about top talent.

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 reports are required 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 candidates. And remember to allow them time to respond to any adverse information you find.

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 California Consumer Privacy Act (CCPA). Also, 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: May I ask all my employees hired before 2020 to submit new Forms W-4 using the redesigned version of the form?

A: Yes, but you should explain that it's not required and if they don't submit a new Form W-4, withholding will continue based on a valid form previously submitted.

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 if you make a mistake, you could be held 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: Paying, tracking and managing employee pension and retirement savings plans (e.g. 401(k) contributions) in an integrated system can make 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: **Do your employees understand their benefits?**

A: Understanding benefits options is an increasingly complex task for employees, but consistent education can help them make smart choices. Use multiple communications methods with more visuals and icons than text. Short messages that focus on what employees need to know and act on are the most effective.

Workplace Safety

A positive work environment that puts safety first can help improve productivity and prevent fines and lawsuits. Instruct your employees on all necessary procedures and the conduct expected of them.

Critical questions:

Q: **Are you providing sexual harassment training?**

A: Some states require employers to educate their employees on what's considered sexual harassment, ways to report an incident, how investigations are conducted and redress for victims. Whether you're subject to these laws or not, harassment training can make your workplace safer for everyone.

Q: **Do you have an action plan to address on-the-job accidents or injuries?**

A: Workers' compensation claims must be filed without delay or your business will be at risk of violating state unemployment regulations. You can avoid expensive penalties and legal action by requiring employees to report accidents as soon as they occur and training managers on how to promptly and accurately submit claims.

Q: **Is workplace bullying prohibited in your code of conduct?**

A: Most states don't yet have workplace bullying laws, but that doesn't mean you can't create and enforce your own policies. A definition of workplace bullying, examples of unacceptable behavior, how to file a complaint and disciplinary action should be clearly outlined in your code of conduct.

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 expertise to cut to the heart of whatever compliance issue you're facing and frame advice in a way that's relevant to you.

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

Your next steps

Adhering to new employment tax laws, wage garnishment orders and other regulations is time consuming and expensive.

Minimize this impact on your business with ADP:

• Leverage our tenured experts and support teams across the whole legislative and regulatory landscape

• Gain the expertise of one of the largest providers of HCM services in North America, Europe, Latin America and the Pacific Rim

• Tap into 70 years' experience in employment-related compliance infrastructure

• Receive alerts to inform you of new laws 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 810,000 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.

To learn more, visit:

ADP SmartCompliance

Always Designing
for People™