



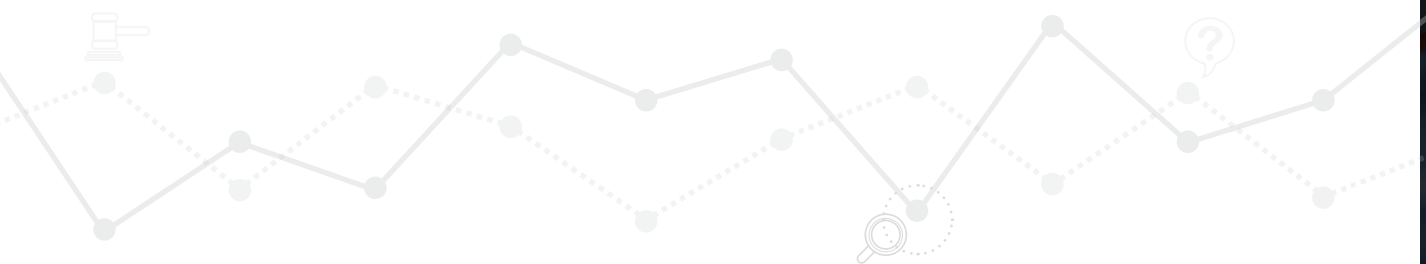
Stay Current on Compliance

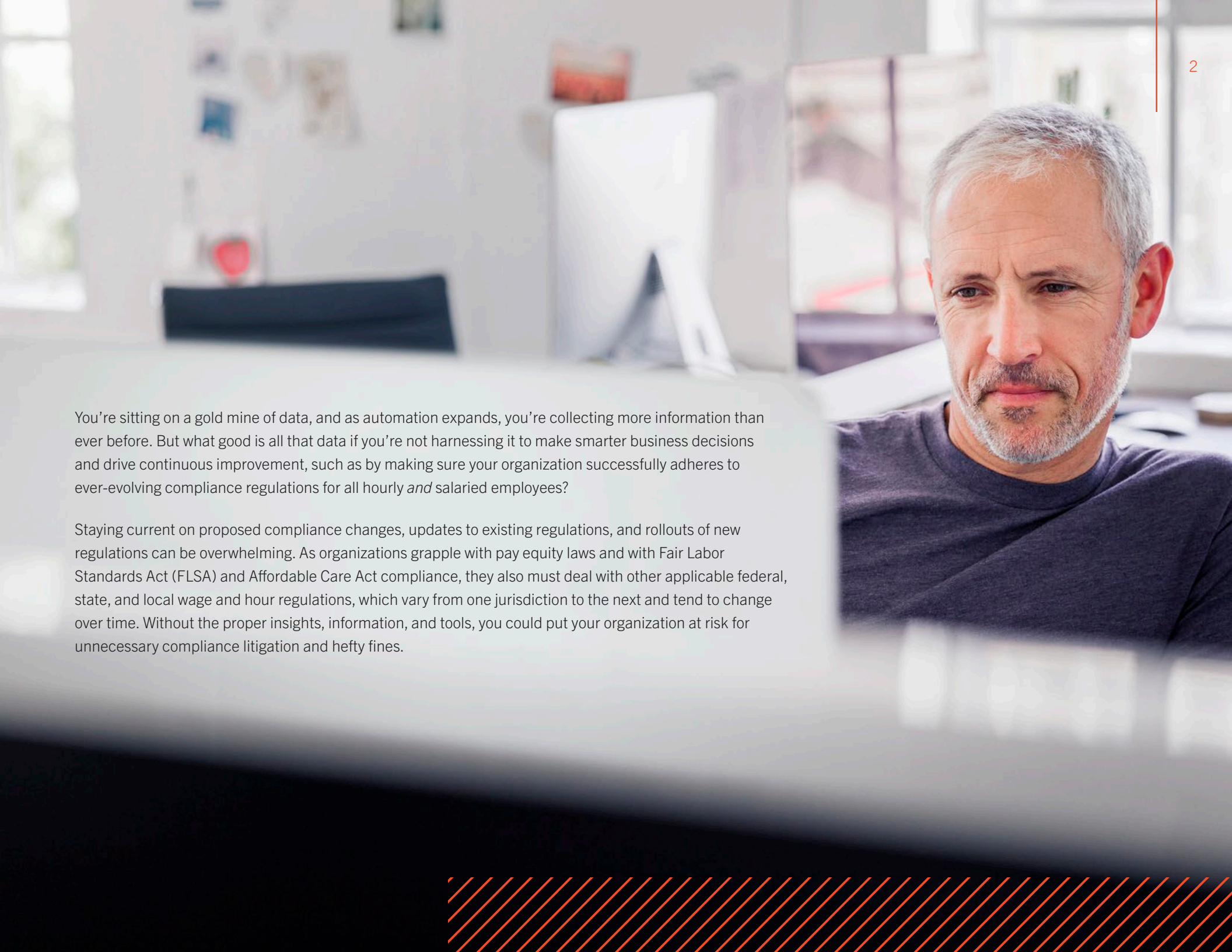
Leverage analytics and insights to adhere to compliance regulations for salaried and hourly employees



Table of Contents

Solving the workforce compliance challenge	3
Regulate high overtime costs	4
Harness your data to identify potential pay equity issues	5
Expose manager misconduct	6
Zero in on rounding rules	7
Enforce OSHA standards	8
Put your data to work for your business — and stay compliant	9





You're sitting on a gold mine of data, and as automation expands, you're collecting more information than ever before. But what good is all that data if you're not harnessing it to make smarter business decisions and drive continuous improvement, such as by making sure your organization successfully adheres to ever-evolving compliance regulations for all hourly *and* salaried employees?

Staying current on proposed compliance changes, updates to existing regulations, and rollouts of new regulations can be overwhelming. As organizations grapple with pay equity laws and with Fair Labor Standards Act (FLSA) and Affordable Care Act compliance, they also must deal with other applicable federal, state, and local wage and hour regulations, which vary from one jurisdiction to the next and tend to change over time. Without the proper insights, information, and tools, you could put your organization at risk for unnecessary compliance litigation and hefty fines.

Solving the workforce compliance challenge

Kronos is a premium vendor of workforce management compliance solutions. When you partner with us, you'll have access to data and automation that will improve the operational performance of your entire workforce — both hourly and salaried employees — and provide you with the insights you need for efficient compliance management. We can help your team leverage critical compliance data — from day-to-day tactical insights to core metrics — and provide your organization with the framework to maintain compliance and apply appropriate policies and rules consistently, fairly, and accurately across all collar workers.

We can help you access real-time employee data in one unified view and leverage the data to better manage compliance across your organization. These insights empower you to:

- Keep pace with ever-changing regulations from the Department of Labor and with other government and industry requirements
- Take fast, proactive action on workforce compliance risk to make the most impact

Analytics tools built for compliance make it easy to access the tactical data you need to effectively stay in compliance. For example, armed with data-driven evidence extracted through analytics, directors can warn managers that certain types of behavior may expose the company to wage-and-hour lawsuits and associated damages, including back pay and penalties. With Kronos, you can connect all components of your compliance analytics with curated views of workforce data and have them delivered by a dedicated compliance analytics services team.



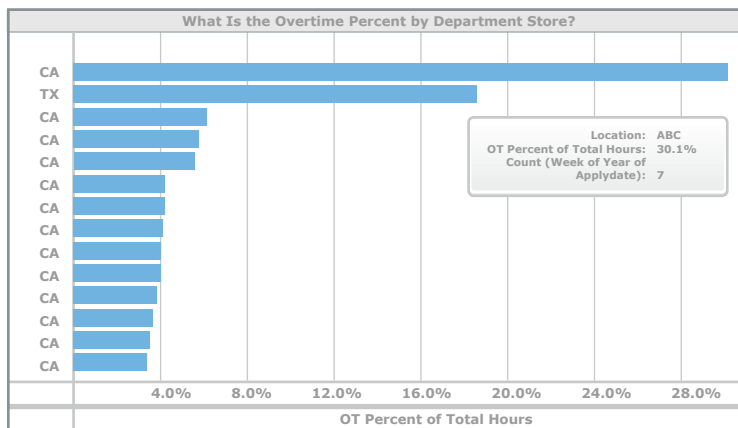


Regulate high overtime costs

Challenge: Excessive employee overtime

Unplanned overtime is a common problem, but identifying the cause isn't always easy — especially when you're not exactly sure of the total hours your employees have worked. Without real-time visibility into labor data, the typical response is to overcompensate, overstaff, and overpay. The result? You spend too much on overtime — but it also might mean you're out of compliance if you're not sure which employees qualify for overtime under FLSA regulations.

Kronos can give you the visibility to dig into the root causes of your high overtime percentages so you can better monitor your employees, understand what's causing the overtime hours, properly track hours so you know when and how to pay overtime — and make sure the overtime hours are in compliance.



In this example, the location with roughly 30 percent overtime seems like an outlier, but a deeper data analysis reveals a high number of employee transfers among locations — impacting average overtime and labor costs.

The Department of Labor found **wage violations in 79 percent of its agency-initiated investigations** in fiscal year 2015.¹

Most states follow the federal rules set forth under the FLSA, but there are exceptions.

For more information:

[kronos.com/resources/state-compliance-guide](https://www.kronos.com/resources/state-compliance-guide).

¹ Kay Troupe, *Exempt or Non-Exempt? Employee Classifications: Are You Ready for an Audit?* (April 2016), found at <https://www.bmss.com/exempt-or-non-exempt-employee-classifications-are-you-ready-for-an-audit>.



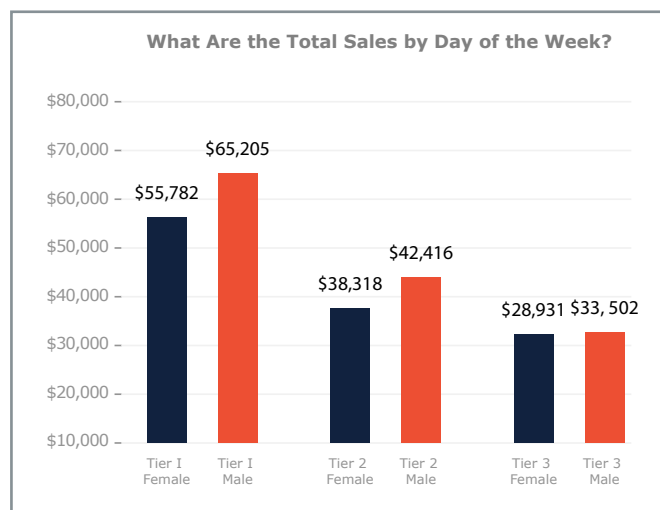
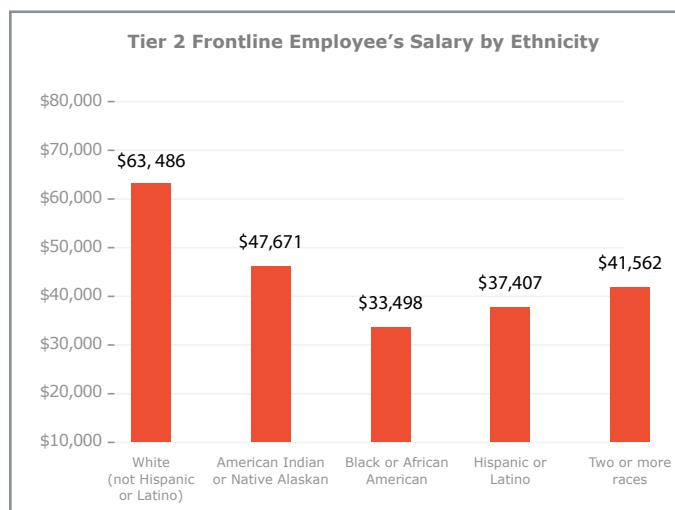
Harness your data to identify potential pay equity issues

Challenge: Inequitable pay

Pay equity is a hot-button issue. Are you on top of it? If not, unequal pay could cost you. Staying ahead of the laws and the Equal Employment Opportunity Commission's enforcement efforts will help you avoid employee lawsuits and attract and retain good talent so your organization remains competitive in today's market.

Kronos can help you identify potential pay equity issues and help minimize compliance risk within your organization on an ongoing basis. Ensuring equal pay improves your recruiting efforts by sending the right message to potential candidates and decreases turnover that can be caused by possible inequitable pay practices. By practicing pay equity, you can also protect your brand by avoiding the kind of costly negative press that goes hand in hand with inequitable pay.

Our dashboards have the pay inequity identifiers you need:



Having clear gender and ethnicity salary charts by role/position is key. Course-corrective actions should be taken to move the needle toward parity between the genders and between ethnicities.



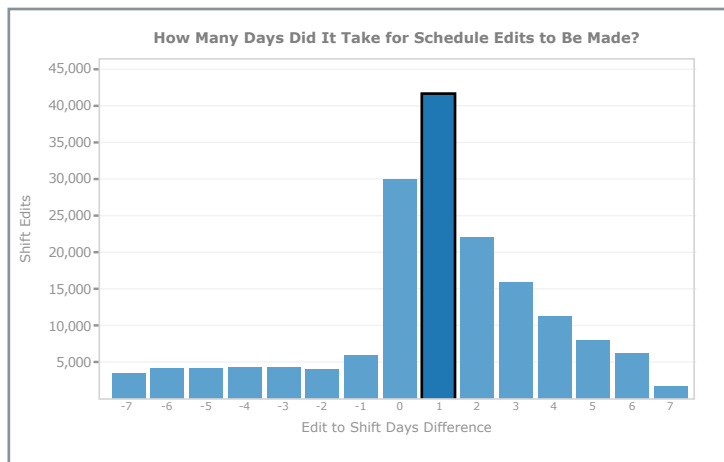
Enforce labor management policies

Challenge: Retroactive schedule edits

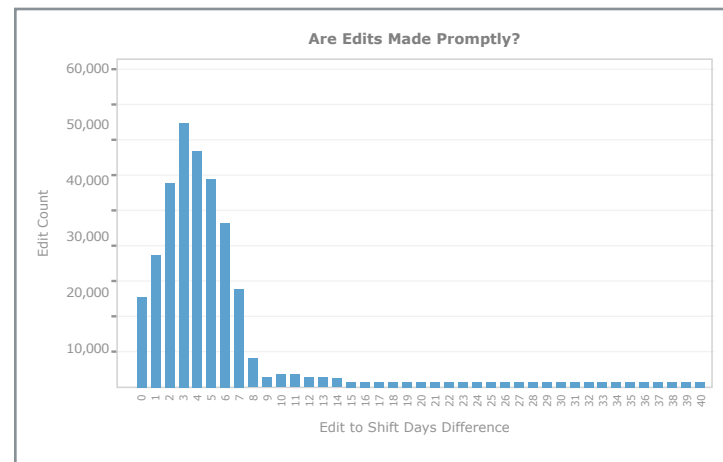
Making sure labor management policies are effective — and that employees and managers are following them consistently — is critical for maximizing profits and minimizing compliance risk. But monitoring workforce behavior in large, complex organizations can be a formidable challenge. It typically requires time-consuming, manual auditing of records in an attempt to identify problematic activities such as punch editing or retroactive schedule manipulation.

Using workforce auditing capabilities allows organizations to pinpoint retroactive schedule edits. Further investigation often reveals that managers are manually editing timecards to match punches to schedules without adjusting employees' worked hours, which increases unplanned overtime. This is especially common in cases where a company measures manager effectiveness or offers incentives based on how closely employee punches match schedules. When this kind of misconduct is exposed through analytics, corporate leaders can take corrective action by coaching managers on the cost and compliance implications of fraudulent behavior.

Here are some examples of how we prepare charts for our clients:



This dashboard displays manual edits to schedules in relation to when the shift took place. In this example, most edits were made the day after a shift, indicating potential manager misconduct and heightened compliance risk.



This chart displays a more extreme example of retroactive timecard edits, with edits made four days after a shift, on average, and many made more than a month after the shift took place.



Zero in on rounding rules

Challenge: Noncompliant punch edits

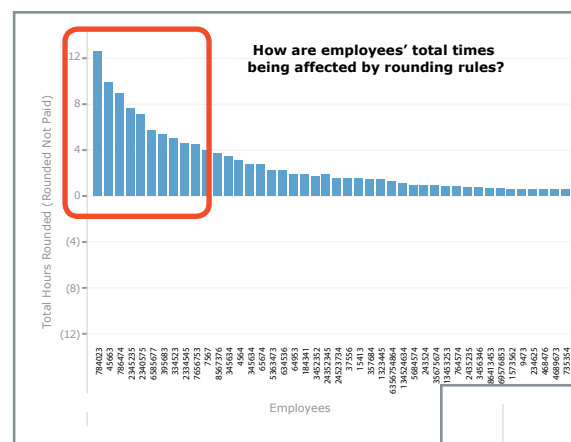
The FLSA allows rounding, but not if this practice cheats employees out of wages earned. By performing a detailed analysis of punch edits, organizations can uncover suspect behavior that increases compliance risk. An example might be a manager repeatedly making small timecard edits that adjust employees' daily time by less than 10 minutes — reducing overtime pay while ensuring that lunch and break rules are met in order to fly under the FLSA radar.

These timecard adjustments add up to real money that each affected employee earns but is not paid.

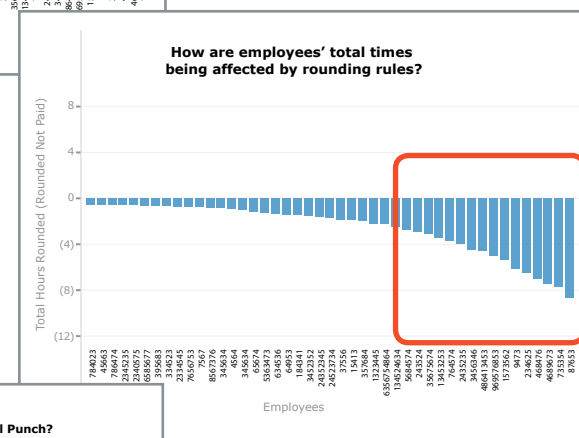
These dashboards provide the data you'll need to focus on how rounding rules are affecting employee timecards.

With analytics at your fingertips, you can have important conversations with your managers that include:

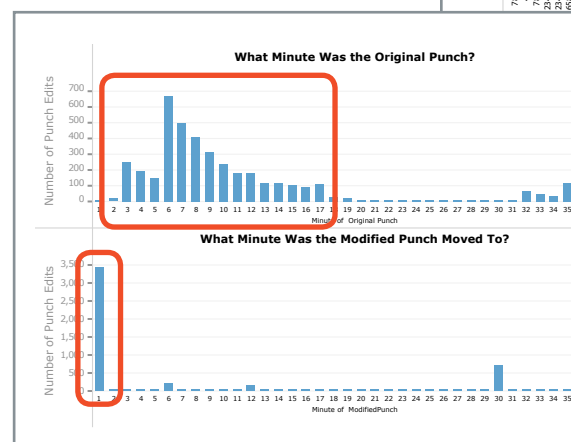
- **How are managers handling time?**
- **Are there any red flags?**
- **Analysis of manager strategy**
- **Understanding manager effectiveness**



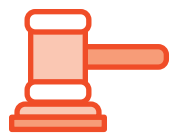
Some employees are being paid for more than eight hours of work they didn't complete.



Other employees are not being paid for more than eight hours of work they performed.



This chart shows numerous suspect modified OUT punches. In this case, you see a large number of punches between the XX:03 and XX:17 marks. The Modified Punch chart shows almost all of them being moved to XX:01. There is a similar trend at the XX:30 mark.



Enforce OSHA standards

Challenge: Noncompliance with workplace safety and health standards

Establishing a safety and health program in your workplace is one of the most effective ways to protect your workers. Losing workers to injury or illness, even for a short time, can cause significant disruption and cost — to you and to the workers and their families.

The Occupational Safety and Health Administration's (OSHA's) mission is to ensure that employees work in a safe and healthful environment, by setting and enforcing standards that employers must comply with. OSHA requires that employers:

- **Maintain accurate records** of training, certification, and skills status of individuals — and auto-assign individuals based on the requirements of the job
- **Ensure employees have the appropriate breaks** and rest between shifts, and apply work rules to the number of days worked
- **Schedule the right employees** based on enterprise resource planning production requirements
- **Give supervisors visibility** into line status
- **Enable two-way communication** between employee and employer
- **Customize questions** to validate health and safety status per shift
- **Maintain an audit trail** for compliance

OSHA is not just for blue collar manufacturing jobs, as injuries and illnesses occur in all types of workplace settings. For example, workers can experience hazards due to improper workstation ergonomics, and workers can even become injured or ill outside your physical facilities, such as when driving a vehicle as part of a sales or service job.

As a best practice, smart companies are assigning someone within the organization to regularly review the latest OSHA standards and keep all team members up to date on changing policies.

Core elements of the safety and health program recommended practices

- **Management's demonstration of its commitment**
- **Worker participation**
- **Hazard identification and assessment**
- **Hazard prevention and control**
- **Education and training**
- **Program evaluation and improvement**
- **Communication and coordination for host employers, contractors, and staffing agencies**



Put your data to work for your business — and stay compliant

Effective workforce management strategies, backed by automated processes and data analytics, can help minimize the risk of costly penalties, lawsuits, and grievances due to noncompliance. At the same time, strategic use of automation can help drive process efficiency, boost data accuracy, and enhance overall employee engagement for improved operational performance and bottom-line results.

Learn more about how Kronos uses analytics that can help your organization adhere to compliance regulations for both hourly and salaried employees at <https://www.kronos.com/resources/hourly-and-salaried-employee-compliance-analytics>.

For more information on key compliance rules and regulations that affect your entire workforce, download the [Compliance for Everyone datasheet](#).

To learn more about how Kronos can help you streamline compliance management, visit: [kronos.com/products/labor-laws-and-issues](https://www.kronos.com/products/labor-laws-and-issues).

Kronos is a leading provider of workforce management and human capital management cloud solutions. Kronos industry-centric workforce applications are purpose-built for businesses, healthcare providers, educational institutions, nonprofits, and government agencies of all sizes. Tens of thousands of organizations — including half of the Fortune 1000® — and more than 40 million people in over 100 countries use Kronos every day. Visit [kronos.com](https://www.kronos.com). **Kronos: Workforce Innovation That Works™**.



[kronos.com](https://www.kronos.com)

© 2019 Kronos Incorporated. Kronos and the Kronos logo are registered trademarks and Workforce Innovation That Works is a trademark of Kronos Incorporated or a related company. Kronos Workforce Ready and Kronos Payroll Services are provided by and contracted with Kronos SaaS, Inc., a wholly owned subsidiary of Kronos Incorporated. For a full list of Kronos trademarks, please visit the "trademarks" page at www.kronos.com. All other trademarks, if any, are property of their respective owners. All specifications are subject to change. All rights reserved.

CV1024-USv2

