Navigating Labor Compliance Hazards

Reducing Your Regulatory Risk Exposure with Replicon Time and Attendance Management Solutions

Many organizations struggle to comply with government regulations like the Fair Labor Standards Act (FLSA) or financial regulations like the Sarbanes-Oxley Act (SOX) because they require a great deal of meticulous, time consuming record keeping. The typical manual processes that most companies employ are too slow and prove to be more of a hindrance to compliance, rather than a help. Organizations that want to reduce their risk of non-compliance and exposure to expensive litigation can instead avail themselves of modern cloud-based time tracking software, which can help to automate processes, reduce errors, and provide an audit trail.

Replicon software is a great choice for organizations that seek a better way. The Replicon time and attendance solutions TimeAttend and CloudClock, in particular, help organizations with three important aspects of regulatory compliance:

▸ Tracking employee time accurately

▸ Managing overtime, time off, meal breaks, rounding, and other business rules

▸ Managing time records and pay data that can be submitted in case of an audit

Tracking time accurately

The single largest line item for most employers is pay-related costs (typically between 40% and 60% of most HR budgets). The American Payroll Association (APA) estimates that having a manual time tracking process introduces human errors that can directly cost organizations 1% - 8% of their payroll. These errors in tracking time not only directly affect employees' paychecks, but they are also a potential ticking bomb when it comes to compliance risks.

Organizations are therefore under a lot of pressure to properly comply with regulatory requirements — such as SOX Section 404 which mandates financial reporting accuracy, or the FLSA which prescribes standards for minimum wages, overtime pay, and record keeping — and many find it difficult and time-intensive to produce the proper documentation without automated processes.

Replicon can help these organizations streamline and automate their time tracking process, reduce any errors that may creep in, and provide necessary visibility and reporting, thus reducing the risk of non-compliance. Replicon TimeAttend and CloudClock offer a great number of benefits, such as:

Easy time entry: A clean and simple user interface drives 100% adoption, which makes it easier to capture time quickly, completely, and accurately.

Smart Clock: Organizations can replace their clunky traditional time clock with a smart clock application that automates punching in/out and prevents time theft through "buddy punching" — where one worker clocks in for a co-worker who is absent — which can cost organizations anywhere between 1.5% - 3% of their payroll costs.

Activity tracking: Employee times can be tracked down to the precise activity, and time can be captured for the entire pay period on a single screen.

Validation rules: Create validation rules that apply limits or checks — like maximum thresholds on the number of hours that can be entered per day or pay period — to enforce your policies. Validation rules ensure that any errors do not propagate further into the process, which helps to eradicate costly, time consuming backtracking investigations to find the source of those errors.

Flexible pay codes: Create pay codes and automatically apply the correct pay rate calculations to the right employee to reduce manual effort while ensuring accuracy.

Automatic emails and alerts: Timely reminders to employees and managers to ensure on-time submissions and approvals.

Approvals: Approval workflow is fully configurable and can support several approval workflow levels to ensure that the time entries are accurate and signed off by all the right people.

Centralized payroll view: Specialized interface where your payroll managers can perform all their time and attendance duties on a single screen and, using our integration platform, quickly push data into your payroll or other system.
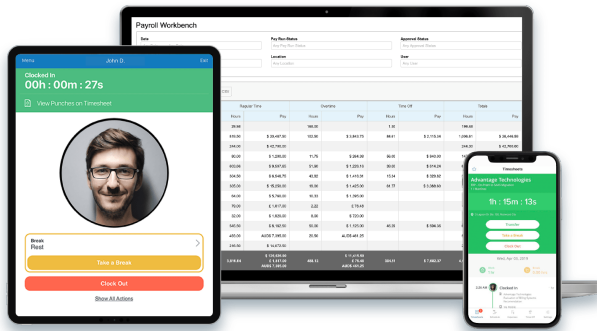
Managing labor policies and compliance with other business rules

Managing overtime correctly is critical to be in compliance with FLSA regulations. According to statistics by the U.S Department of Labor (DoL), having to pay back wages for overtime violations represent 88% of all FLSA violations. Unplanned absences can also throw a wrench into schedules and force employees to work overtime, thus stretching an organization's resources. In addition, managing meal breaks, rounding rules, and other organization-specific policies are important in the mission to stay compliant. If time off is not managed accurately, it can affect productivity and cost firms up to 3% - 15% of their total operating costs.

A good workforce management solution can be the answer to all of these challenges by helping to ensure compliance and providing real-time visibility into overtime, time off, and other policy uses and abuses. With the Replicon cloud-based Time and Attendance Management solution, a configurable rules engine can easily accommodate policy variations by department or geography without the need for custom programming, unlike most other traditional enterprise solutions out there.

Employee classification: You can use pre-defined employee types — like full-time hourly, part-time salaried, and contractor — or add new employee types to be assigned to employees for payroll, time tracking, and reporting purposes.

Attendance rules: You can determine when users are to be considered absent, late, early out, or early in, based on the times they punch in and out. Violations of attendance rules are flagged for the supervisor to take necessary action.
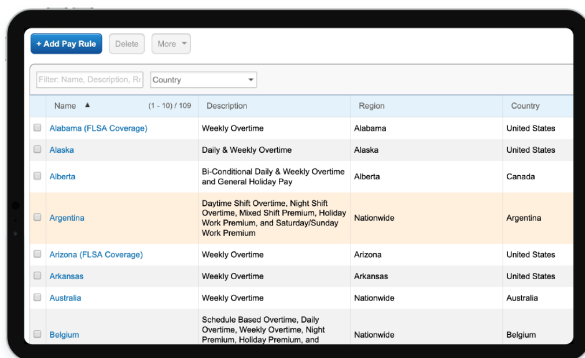
Overtime policies: Create and administer overtime policies or enforce company specific policies with ease. Organizations can seamlessly automate local, province, state, or country specific overtime rules and apply each of these rules at department, group, or individual employee level. They can also track overtime as well as regular hours to automate all pay calculations.

Meal breaks: Create break rules to determine whether employees are entitled to breaks during their shift, when they must take those breaks, and how long those breaks must be. There can be defined penalties to consider if your organization fails to give an employee a legislated meal break, such as additional pay requirements, for example.

Rounding rules: Easily determine how increments of paid in-and-out punch times are rounded. For example, you can define rounding rules to pay employees only for certain designated fractions of an hour worked.

Time off policies: Using the time off capabilities in the solution, organizations can easily create different time off types as well as set accruals, and reset and carry forward policies specific to their company. Employees are empowered to submit time off requests and review balances and accrual data without burdening HR or their supervisors.

Robust reporting: Our robust reporting capabilities help organizations gain much needed visibility into their attendance, overtime, time off, and compliance data without breaking a sweat.

Managing time records and pay data

Another important compliance requirement is having proper approval and storage mechanisms in place so that time — including hours worked, time off taken, pay rates, straight pay, and overtime earnings, among other fields — is recorded, reviewed, authorized, and stored for future audits, if needed. Employers need to be sure to keep detailed records of all of this information, and some of this data is required to be kept for three years or more. If organizations rely on a manual process for tracking time, however, the effort that would go into collecting time re cords for the last several years would be unfeasible — and most likely result in an unfavorable judicial decision.

With Replicon, organizations can get approval policies in place and manage their time records effectively so that they can face any audits with confidence:

Approval workflows: Replicon offers a very configu rable, multi-level approval workflow to ensure that the right individuals are approving employees' time. Any changes to approved time can easily be tracked by su pervisors and employees alike, and comments can help you track the reasons for the changes.

Robust audit trail: Any changes made to time entries are recorded in the timesheet's audit trail. The audit trail includes such things as: who made the change, when it was made, and the reason for the change. This information can be used to provide proof during audits and investigations. Audit trail reports provide the change history for multiple timesheets at once, which makes data collection very simple.

Data storage: Organizations are assured that their time data is stored securely in the Replicon cloud and is available to them anytime, anywhere, starting from whenever they start working with us. We help organizations make timely backups as and when needed.

Data collection: With Replicon's robust and configurable reporting platform, organizations can easily collect the specific time entry data they need and export it into actionable reports in just a few hours, rather than weeks or months.
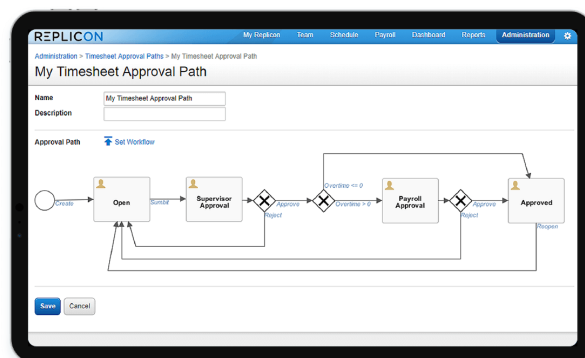
Helping organizations stay compliant

Simply put, Replicon's Time and Attendance management solution helps organizations to be better prepared to comply with today's complex laws and regulations*. Automated processes assist businesses of all sizes and industries to track time accurately, reduce errors, improve financial reporting accuracy, and manage compliance risks.

With Replicon, organizations can:

- Streamline their timesheet approval and payroll processes

- Ensure accuracy of employee payments

- Eliminate time theft

- Manage time off and overtime liabilities

- Ensure workforce productivity

The bottom line is that effectively tracking resources with our world class cloud-based time tracking platform provides peace of mind that the appropriate audit trail is easily available to meet any regulatory compliance or audit challenges.

*The information presented in this document highlights several examples of federal and/or state labor law requirements. Replicon makes no guarantees as to the completeness or accuracy of these summarized requirements. This document in no way suggests or offers any labor law guidance, or legal advice of any kind, and should not be construed as such. If you need legal advice in relation to labor law compliance issues, please consult with your qualified legal advisor.

About Replicon

Replicon, the Time Intelligence™ company, has over 20 years of industry leadership and is pioneering a new approach to time management. Time Intelligence elevates time as a strategic asset within an organization, to improve operational productivity, performance, and profitability.

Replicon's Time Intelligence Platform offers solutions for global time and gross pay compliance, enterprise time management for ERP, professional services automation, and an SDK for continued development - expanding the company's award-winning portfolio of cloud-based products, including complete solution sets for client billing, project costing, and time and attendance.

Replicon supports thousands of customers across 70 countries, with over 400 employees around the globe including the United States, Canada, India, Australia, and the United Kingdom.

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