

TOP 7 HR COMPLIANCE MISTAKES AND HOW TO AVOID THEM

Protect your organization, your people, and your reputation



INFINIUMHR
PAYROLL AND HR SOLUTIONS



AGENDA

Introduction

- Why HR Compliance Still Matters in 2024
- The Hidden Cost of HR Compliance Mistakes

The Top 7 HR Compliance Mistakes

1. Inaccurate Timekeeping & Meal/Rest Break Violations
2. Incorrect Employee Classification
3. Incomplete or Disorganized Personnel Files
4. Insufficient Management of Performance and Attendance Issues
5. Failure to Engage in the Interactive Process for Accommodations
6. Inadequate Training, Job Descriptions, and Undefined Culture
7. Failure to Prevent and Address Discrimination & Harassment

Why HR Compliance Still Matters in 2024

Key Trends:

- Increased enforcement around wage and hour issues
- Ever changing PAGA regulations
- Expanded CFRA protected categories
- Changing workplace trends – remote, hybrid, labor shortage
- Employee awareness and expectations for fairness, transparency, and accountability are higher than ever

Takeaway:

Compliance isn't just a legal requirement, it should be a part of your business and leadership function to help shape trust and performance

The Hidden Cost of HR Compliance Mistakes

- Operational: Audit distractions, policy overhauls, leadership time lost
- Legal & Financial: Fines, penalties, back pay, settlements
- Cultural: Declining trust, fear of retaliation, “rules don’t matter” perception
- Engagement & Productivity: Disengaged team, lower output, increased turnover
- Reputation: Employer brand damage, talent attraction decline, social backlash

Takeaway:

Every compliance misstep carries both a legal and human cost - and the human cost often lasts longer.



The Top 7 HR Compliance Mistakes

Inaccurate Timekeeping & Meal/Rest Break Violations



Why it matters:

Wage and hour violations associated with timekeeping remain among the most frequent legal triggers. Time is a black and white issue and is typically used as a launching pad for attorneys to file legal claims

Typical errors:

No timekeeping system in place, hours kept manually by employee or employer

No restrictions or notifications in place for meal breaks timing and duration - 5/30 rule

Meal and/or rest break interruptions by customers, employees or management

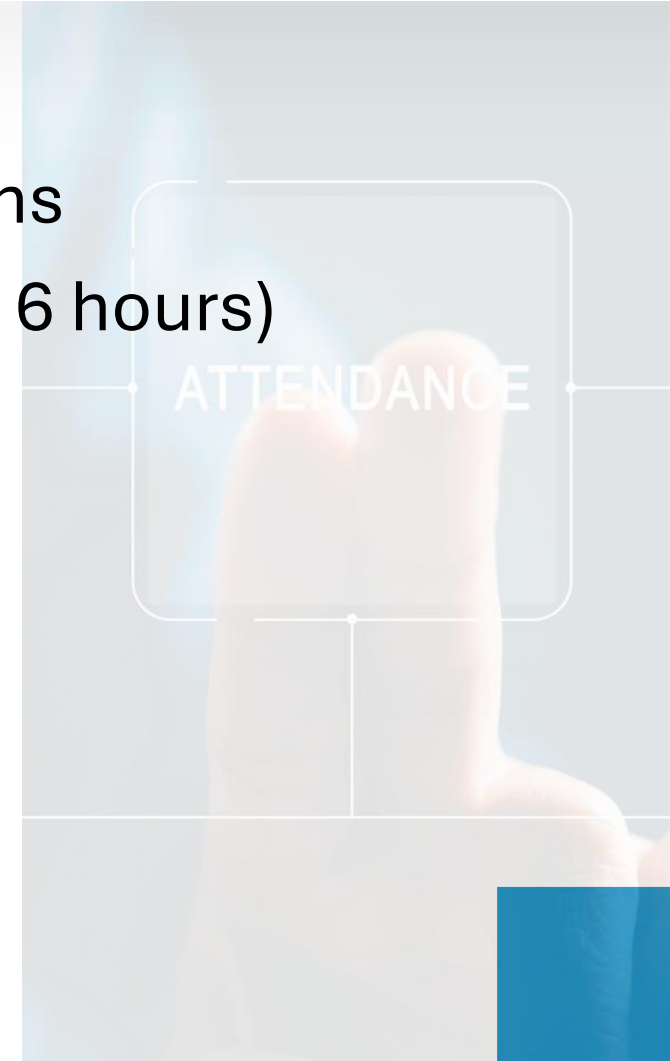
Allowing employees to work off the clock, even small amounts of time like delivering mail on the way out

Inaccurate Timekeeping & Meal/Rest Break Violations



Practical Prevention:

- Strong meal and rest break policies – enforce violations
- Use Meal Break Waivers if applicable (for shifts under 6 hours)
- Practice what you preach, keep it consistent
- Electronic timekeeping is an absolute must!
 - Multiple methods of time collection can be used
 - Meal break violation restrictions and notifications
 - Ensure employees approve any time edits
 - Set up end of pay period attestations
 - GPS location tracking for punches



Incorrect Employee Classifications



Why it matters:

Misclassifying employees as exempt, part-time/full-time or as independent contractors creates cascading wage, tax, and benefits liabilities

Typical errors:

Improperly classifying an employee as exempt when the position/salary does not warrant

Not clearly classifying someone as part-time or failing to designate minimum hours to be full-time

Using “contractors” to perform work that identifies with the core company function and purpose

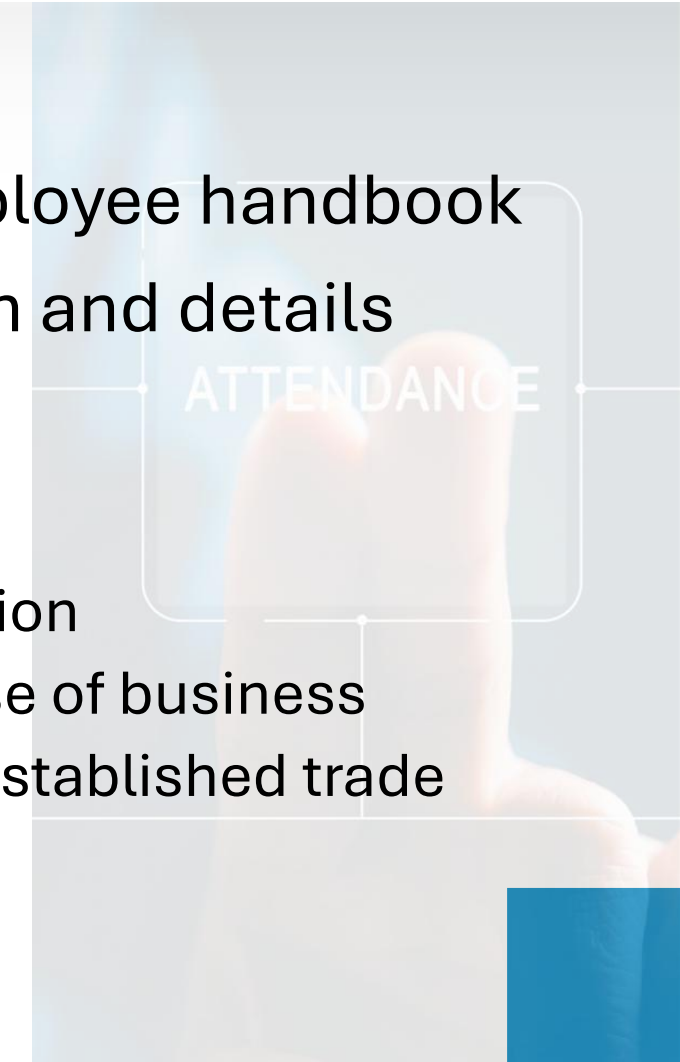
Requiring “salaried” employees to track time or deducting wages when partial or full days are missed

Incorrect Employee Classifications



Practical Prevention:

- Clearly define all employment categories in your employee handbook
- Use accurate job offers with complete job description and details
- Reclassify when job changes warrant – document it
- Use the ABC Rule for any potential contractors
 - A. The worker is free from the company's control and direction
 - B. The worker performs work that is outside the usual course of business
 - C. The worker is customarily engaged in an independently established trade
 - D. Failing any of these 3 – you've got yourself an employee



Incomplete or Disorganized Personnel Files



Why it matters:

Missing signed forms, no employee handbook acknowledgement, not updating handbook outdated I-9s, or inconsistent documentation across employees can lead to penalties and hinder defense in disputes.

Typical errors:

Not keeping all hiring and onboarding documentation in an electronic or physical file

Failure to properly complete the I-9 form and properly retaining copies of identification used

Not documenting employment changes such as position, job descriptions or pay

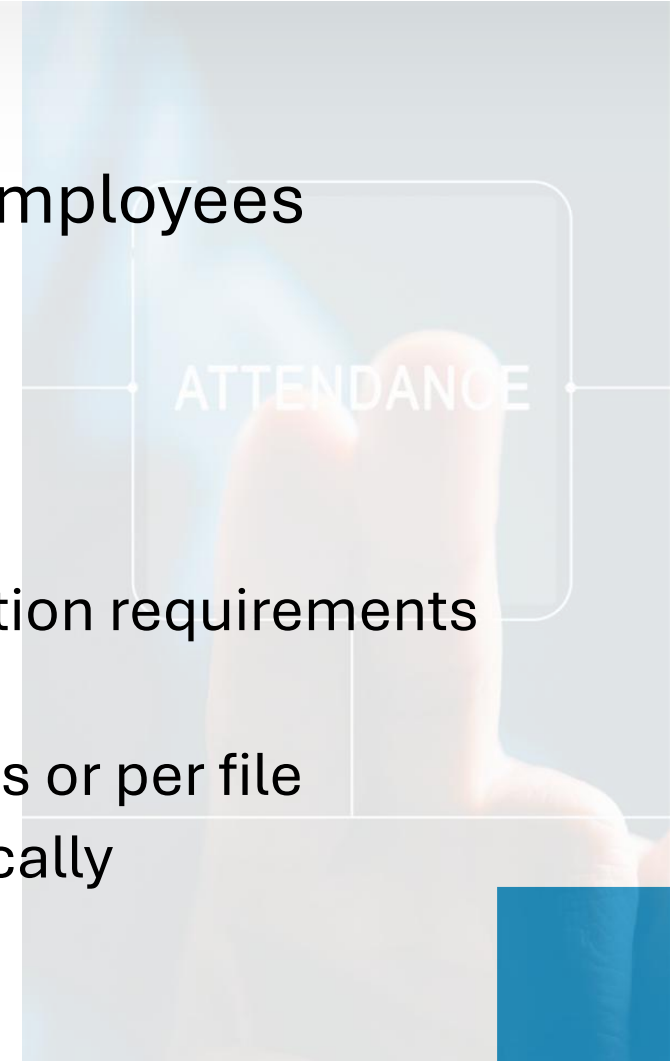
Not safely retaining employment and payroll records for the proper time period

Incomplete or Disorganized Personnel Files



Practical Prevention:

- Use one standard document storage process for all employees
- Maintain electronic copies, not just paper files
- Keep personnel, medical, and I-9 files separate
- Assign a records custodian to:
 - Understand basic storage, organization, access, and retention requirements
 - Have a process to collect and file ongoing documentation
 - Maintain a retention schedule and purge on an annual basis or per file
 - Perform annual audits and track expiration dates electronically



Insufficient Management of Performance and Attendance Issues



Why it matters:

Without prompt action and documentation of inadequacies, you allow problems to linger and complicate disciplinary or termination decisions, which could expose the company to unnecessary liability

Typical errors:

Failure to promptly deal with lack of performance according to expectations

Improperly addressing attendance issues – either too early or too late

Applying attendance or performance standards inconsistently

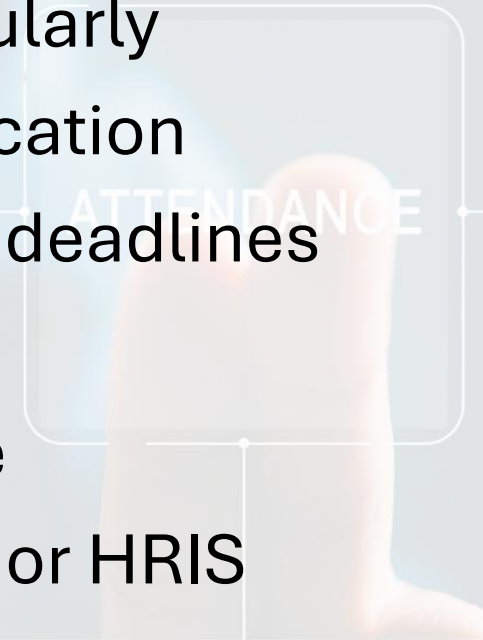
Failure to document attendance or performance / behavioral issues when they happen

Insufficient Management of Performance and Attendance Issues



Practical Prevention:

- Set clear expectations with employees and reinforce regularly
- Train managers and encourage open and early communication
- Use progressive discipline with clear consequences and deadlines
- Document issues early, factually and consistently
- Use progressive discipline and follow up on performance
- Track attendance issues and patterns using timekeeping or HRIS



Failure to Engage in the Interactive Process for Accommodations



Why it matters:

Employee accommodations issues are increasingly challenging since COVID and more employees are using claims mental health issues to avoid work requirements.

Typical errors:

Failure to observe, recognize or inquire about potential accommodation issues when they become evident

Failure to actively engage in an interactive discussion and documenting the process

Rejecting the request without exploring reasonable alternative accommodations

Retaliating, subtly or directly, after the employee asks for accommodation

Failure to Engage in the Interactive Process for Accommodations



Practical Prevention:

- Train managers to observe, listen, and act on requests
- Start the process promptly and explore all reasonable options
- Ask employees first how the company can help when attendance issues become a pattern before disciplinary actions
- Request only medical details needed to evaluate the accommodation
- Document the request, medical support, options, decision, and reasons
- Follow-up in writing and set reminders based on medical certification.

Inadequate Training, Job Descriptions, and Undefined Culture



Why it matters:

Weak job descriptions, inconsistent training, and an undefined culture can create compliance exposure because it dilutes confidence in employment decisions and actions.

Typical errors:

Lack of forethought
in hiring according
to clear job
functions weaken
employee retention
success

Unclear job
descriptions
undermine
essential job
performance and
productivity

Insufficient training
allows employees
to remain in
mediocrity, which
can lead to
employment issues

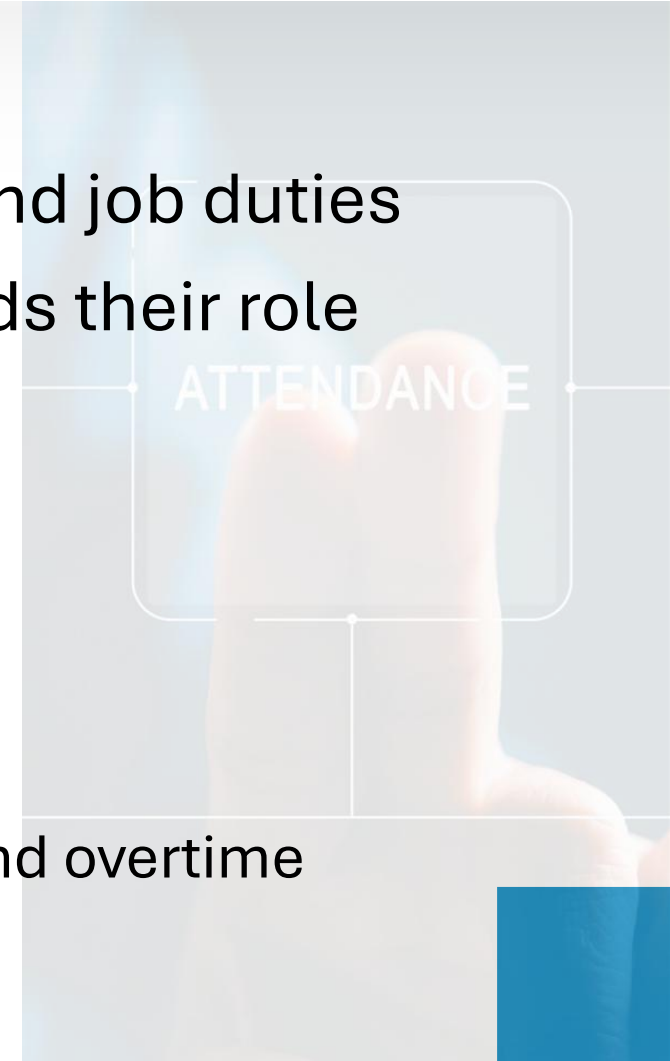
Undefined
workplace culture
creates
inconsistency, poor
judgement and
quiet quitting

Inadequate Training, Job Descriptions, and Undefined Culture



Practical Prevention:

- Document all current position including pay ranges and job duties
- Create a training path to ensure employee understands their role
- If you can't define your workplace culture – get busy
- Don't forget CA compliance training:
 - A. Harassment Prevention
 - B. Workplace Violence Prevention
 - C. Safety and workplace specific risk prevention
 - D. Wage and hour practices and policies like meal breaks and overtime



Failure to Prevent and Address Discrimination, Retaliation & Harassment



Why it matters:

Employees are ever more aware and sensitive to workplace conflict and harassment and have widened their perception as to what is legal and illegal – these issues can be very subjective to the employee

Typical errors:

Failure to train supervisors and employees how to prevent, spot and report workplace issues

Ignoring or delaying complaints even when they may only be observable by management

Documenting performance or attendance issues only after a complaint or recent medical leave

Not understanding when a thorough investigation needs to be done by qualified individuals or third parties

Failure to Prevent and Address Discrimination, Retaliation & Harassment



Practical Prevention:

- Adopt clear anti-discrimination, harassment, and retaliation policies
- Keep prevention training up to date – every two years or more often
- Train managers to recognize and report complaints to HR
- Document complaints, investigations, findings, and actions
- Offer multiple safe reporting channels
- Model and reinforce a respectful culture where employees can speak freely, be heard, and provide input on workplace issues

FINAL THOUGHTS



Balancing people and policy isn't easy – you're not alone

Compliance is rarely about one big mistake...it is usually the result of inconsistent processes, unclear ownership of employer responsibilities, and poor documentation. When employers standardize practices, track issues in real time, and make someone responsible for follow-through, they put themselves in a much stronger position to prevent problems and defend decisions.

Remember:

Even with great policies, every situation requires a unique approach to resolve and create a positive and safe outcome for all concerned





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California Leave Laws Made Practical: Sick Leave, CFRA, PDL, and Other Leave Administration

What you need to know to stay in compliance

We'll look at the most common rules surrounding the California Family Rights Act, Pregnancy Disability, Paid Sick Leave and Bereavement Leave, and help you to understand common pitfalls and how to manage leaves properly.

May 21, 9:00 AM

Infinium HR – Your Partner in Payroll, HR, and Compliance

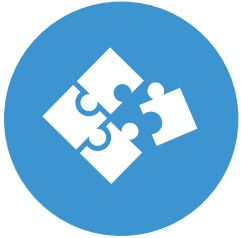
At Infinium HR, we've guided organizations through hundreds of attendance and leave challenges, many just like the ones you're facing.

We're here as a trusted partner to help you navigate complex compliance issues, protect your organization, and strengthen employee relationships.



Payroll and HR Solutions

Simplify payroll, automate compliance, and scale your business with integrated HR



HR Solutions

Flexible, scalable HR support tailored for small businesses without the overhead.



Outsourced Recruiting

Professional recruiting services that help you hire smarter without the high cost of agencies

Contact Mike Hayden for more information

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THANK YOU!