

PRACTICAL ADVICE

FROM THE LABOR & EMPLOYMENT DEPARTMENT



Fox Rothschild LLP
ATTORNEYS AT LAW

WAGE-HOUR COMPLIANCE AUDIT

Wage-hour legal principles revolve around federal and state laws. Many state laws are often stricter and more expansive than federal. The principles are governed by a literal maze of fine-line regulations that all seem tilted towards maximizing employee rights and entitlements. Employers must make crucial decisions in several aspects of their compensation policies – including which employees are entitled to overtime (exempt vs. non-exempt), what activities constitute compensable working time, the crafting of commission and bonus plans, vacation, sick time and other paid time-off policies. These decisions must be made within the framework of laws and regulations, and the potential for significant liability for incorrect decisions always exists – particularly now, when employees are increasingly aware of their “rights” and plaintiff-side lawyers are eagerly mining this fertile legal area for potential claims and plaintiffs.

One disgruntled employee can file a lone complaint with the Department of Labor (DOL) and trigger a company-wide inspection or audit – even if he or she were fired for valid reasons. If deficiencies are found, not only the complaining employee, but all employees “similarly situated,” will be entitled to a recovery. If the employees pursue claims in court (particularly in the all-too-common class action suit), the stakes can escalate quickly.

Although an employer cannot eliminate the possibility of DOL wage-hour audits, administrative claims or lawsuits, it can do a great deal to discourage litigation and to prevail or minimize damages in the event claims are brought. The best protection is a proactive program to uncover and resolve potential problems before they result in litigation and to establish appropriate policies to protect management’s interests.

A good starting point for any company is an internal “self-audit” of wage-hour compliance.

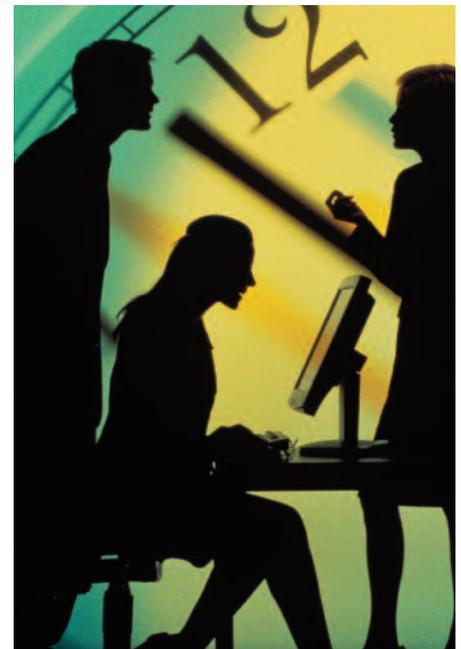
Fox Rothschild’s Labor & Employment Department offers clients a wide variety of experience in labor and employment law – including wage-hour law compliance and litigation. Our attorneys have conducted many internal audits for clients. When we review payroll procedures, we pay special attention to trouble spots such as:

- Classification of workers as exempt or non-exempt employees
- Proper payment of overtime
- Whether certain time (e.g., on-call, travel) qualifies as working time
- Reviewing commission/bonus plans and paid time off policies
- Scrutiny of whether individuals are properly classified as “independent contractors”

With Fox in your corner, a self-audit is simple. The process would consist of on-site consultation(s) with our wage-hour attorneys and an examination and review of all company payroll and wage-hour practices/policies. We then provide you with a follow-up report identifying any major areas of concern.

Don’t wait for a disgruntled employee to bring a class action claim to be sure you’re in compliance with state and federal compensation legislation. Call Fox Rothschild and let our attorneys help ensure your policies and procedures are in compliance.

Visit us on the Web at www.foxrothschild.com.



Let Our Experience Be Your Guide®

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