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cloud-based time and attendance

Clock-In on Compliance

Are Your Employee Timesheets Putting Your Organization at Risk?

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At a glance

Compliance. We could spend hours trying to break down the many meanings and layers of the word as they relate to businesses and non-profit organizations. If you quiz members of HR, managers, and executives, you'll no doubt come away with dozens of definitions. You might also get a bunch of questions bounced back in your direction:

- Compliant how? In which way?
- Do you mean with state or federal laws?
- Overtime? Minimum wage?
- Do you mean HIPAA? ACA?

There is no "one definition fits all" where compliance is concerned. And with this in mind, it's essential to make sure that the tools your organization uses to track time & attendance are simple, flexible, and precise at every turn.

The following case study provides a deeper look into what compliance means for two seasoned HR professionals in very different organizations: Paula Schubel, HR lead for an import and distribution company that has operations in California; and Tara Hood, grants manager for a non-profit organization based in the Southeastern US.

For both of these leaders and their organizations, **stratus**time helped them minimize risks associated with compliance issues, and shored up operational needs related to time & attendance. In the process, the solution delivered a great deal of peace of mind.

Timesheets can play a vital role where compliance is concerned

Paula Schubel was already well aware of this fact when she started her new position.

"One of my focuses right away was working on the HR management piece."

As her company had locations in different parts of the world, Schubel knew that managing timesheets and payroll was an immediate concern.

"Our parent company is based in Australia. The laws and regulations are quite different between there and the US, as you might imagine."

Once she started digging, she saw some holes in their previous system.

"It wasn't set up to accommodate what we needed to meet the concerns of federal and state compliance issues. For instance, the system was not tracking breaks, meals, and other essential pieces related to wage and hour compliance. The way it handled vacation time was still very manual. And sick time wasn't being managed at all."

"We absolutely needed these things for any number of legal and compliance issues."

As Schubel asserts, compliance with employment laws and regulations is one of the top causes of employer liability in California, with the majority of lawsuits filed by employees against employers coming down to wage and hour issues.

Why timesheets matter

Timesheets are an invaluable aspect of the workflow for almost all businesses and organizations. From a functional standpoint, timesheets are an essential aspect of completing payroll—which often happens to be the largest expense for most businesses and organizations.

Beyond payroll, timesheets can help businesses and organizations:

- ✓ Monitor budgets and resource allocation
- ✓ Manage schedules
- ✓ Measure employee performance
- ✓ Estimate project costs and time

What's more, late or inaccurate timesheets can impact cash flow, affect payments to employees, impact department budgets, and potentially slow down a company's ability to invoice vendors or partners.

While the task of finishing and submitting timesheets sounds simple enough, in actuality, timesheets can be one of the most persistent challenges that small businesses, mid-sized businesses, and non-profit organizations face. They can also pose a number of serious risks.

"From this standpoint alone, as an employer, it's essential that the system you have in place ensures that everyone is tracking their time correctly, whether it's overtime, or breaks, or something else. It can save you a lot of money, hassle, and potential legal damage."

Having a flexible solution helps you respond & adapt

Schubel was familiar with the time & attendance software product, **stratus**time, from a previous position she held a few years ago. She knew the system would simplify employee time tracking on the front-end, and help keep the company compliant on the back-end.

> 💡 *"I love **stratus**time because it is very simple to set up and use," she says. "We have employees from across the spectrum—white collar, blue collar, warehouse, sales, management, you name it. Everyone agrees on how easy it is."*

Familiarity with **stratus**time's flexibility was also one of the reasons that drove Tara Hood to move to **stratus**time when she started her new position as Director of Grants Management.

> *"I've been using **stratus**time for years, both on the HR side, and as a consultant."*

Like Schubel, when Hood started, she began digging into the organization's previous system. "I notice red flags everywhere I go," she says. "It usually takes about 30 seconds for me to spot them."

Even when she misses something early, Hood knows where to find potential compliance red flags. "I can quickly scan an organization's accounting system, reimbursement package, and especially the timesheets," she says. "I'll find the issues, because they're always there."

Close enough is not an option

> For any non-profit entity, compliance issues related to timesheets can be tenuous, and extremely detrimental to the organization's viability. Part of this is due to the fact that state and federal regulations require non-profit agencies that receive government grant funding to demonstrate the sources and uses of funds as they relate to personnel timesheets.

"For most agencies, their programs usually have multiple funding sources," Hood explains. "Some projects might have as many as four or five funders."

To be compliant, an organization must demonstrate how much time each staff member spends within each project. When they don't, the result can be dire.

"Non-compliant project tracking is one of the main reasons that non-profits wind up dealing with audit findings and payback issues," Hood says.

Over the course of her career, she estimates that she's seen millions of dollars in unallowable costs go back to funders simply because timesheets were non-compliant.

"I know of at least one organization that paid back half of their funds for three years—easily a couple of a million dollars—because their timesheets did not substantiate salaries."

According to Hood, the key fact to follow is that when staff members are assigned to projects that draw from multiple funding sources, they must demonstrate where they're spending their time to the letter.

"Therefore, you absolutely need a system that lets you add in a project code that coincides with the allocation worksheet," she says. "And you must demonstrate where the activity occurred, which makes it easy for the financial department to know which funding source they should charge for the time."

What Hood found when she examined the organization's previous time & attendance software was that the organization was losing money and time whenever they needed to add project codes.

> *"We had to call them every time we needed to make a change. As you can imagine, it was cumbersome and costly."*

But the cost of not being in compliance would be even steeper.

"Non-compliant timesheets are the number-one issue that agencies have when it comes to audits and reviews. And unfortunately, this issue is usually the number-one reason why organizations wind up paying back their funding sources."

Once they integrated with **stratus**time, Hood knew the situation was effectively solved.

"You give us the ability to make these changes on our own, and to easily generate timesheets that are in compliance with wage and hour regulations. Everything is here for us to manage. And when you put it all together, **stratus**time essentially pays for itself the first time you get a monitoring visit, because you won't have to worry about being in compliance."

stratustime's user-friendly interface makes it easy to create these codes and reports on your own:
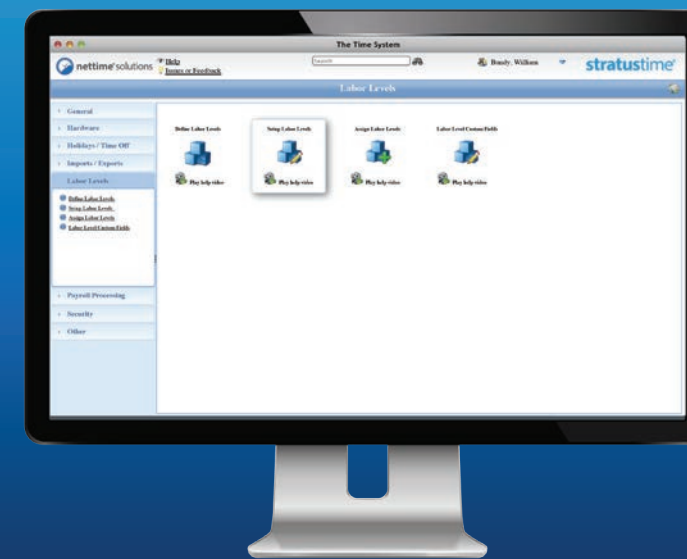
- In the configuration area of **stratus**time, users can set up project codes related to funding sources, functional units, or anything else the business needs to segment. Users can even set labor levels to set different pay levels for different projects.
- Once they're set up, you can check off when an employee is working on those projects.
- You can also manually create reports in the configuration area, and run reports based on the number of hours each employee works on a project, and at what pay rate.

Being prepared for business situations you don't expect

Knowing that your time tracking system is both user-friendly, flexible, and cost-effective will undoubtedly bring peace of mind, especially when you've identified a specific compliance-related need to solve. In some cases, a greater level of peace of mind arrives when you discover that your system can also solve issues that come out of the blue.

"When I first came here," says Schubel, "we received a court subpoena related to one of our employees."

The employee had been in an auto accident. Attorneys wanted to review the employee's work records related to time off and visits to doctors' offices.

"They wanted two years of information about things like how much time the employee missed work for medical reasons and doctor visits."

The challenge wasn't the duration of time, but the fact that, for most of the employee's history, they had been using another time tracking system. As Schubel puts it, "that system didn't track anything."

To gather the information, she had to go in manually, and look at every record the company had related to the employee's scheduling and time on the clock.

"It took me hours and hours," Schubel says, a fact that ultimately cost the company money and productivity.

*"Then, when I finally made my way up through the time that **stratus**time covered, it literally took a few seconds to get what I needed."*
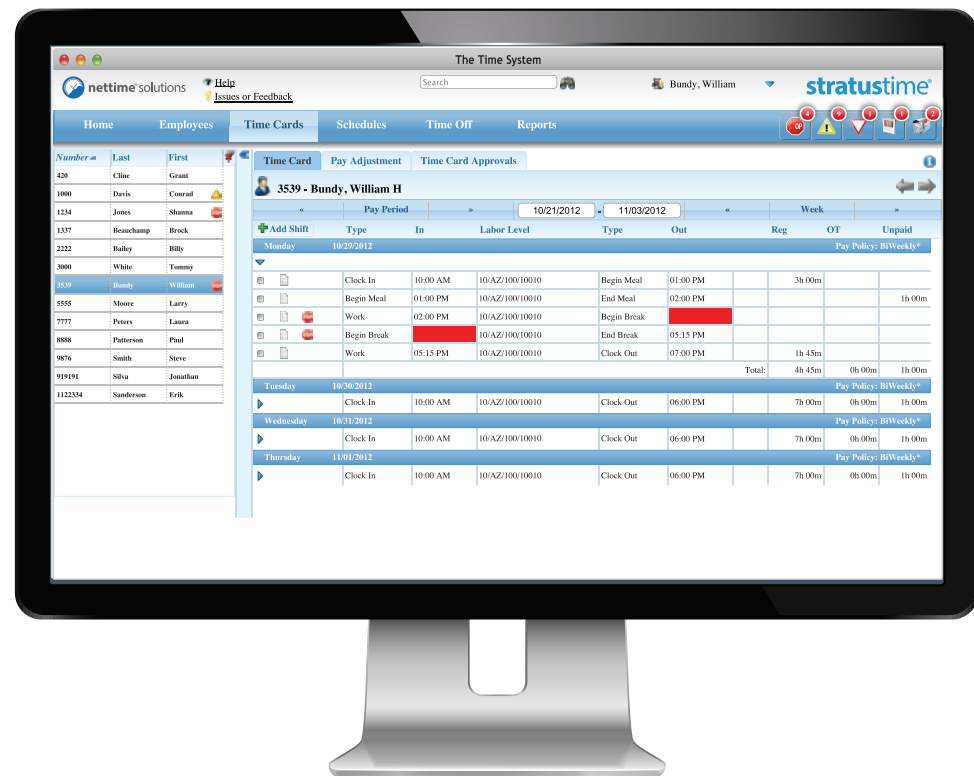
stratustime gives you the flexibility to customize any available report. And with multiple export options, plus an array of selection criteria, these reports can produce important data in a way that's user-friendly, and easy to read. *For Schubel, this was an eye-opener.* **stratus**time really did save her time.

*"If we'd had **stratus**time during the entirety of the employee's career, it would have been pretty simple to pull the data and generate a report. But we didn't, and my own time was burnt up capturing and presenting this information."*

Sometimes life happens.

For Tara Hood, **stratus**time's cloud-based flexibility recently came in handy when her offices were closed in the wake of storm-related hurricane damage.

"We were all working from home for a week. Every day, I was able to go into the software and add new pay types (to account for at-home hours), without having to call anybody. From there, I simply had to email my team and tell them how to go in and mark their time."
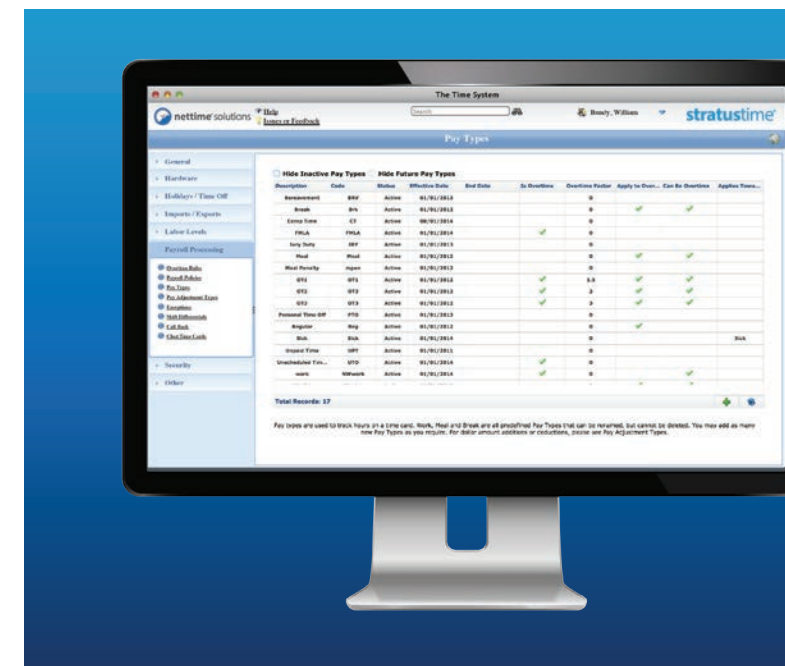
As a designated administrator of **stratus**time's time & attendance software, you have access to all features, as well as to all employees within the application. For instance, you can add new pay types, vacations, training pay and more. You can also add specific pay rates, and rules that apply to overtime and holidays.

• We provide the training you need so you have full control of the system at all times.

• Once trained, you'll be able to make edits or changes when you need to make them.

• Our support team is always available to help when you want extra support.

"For me, it was a simple five-minute solution," Hood says.

Now is the time to simplify wage and hour compliance needs

With ever-changing wage and hour regulations, having a flexible, easy-to-administer time & attendance solution can save hours of manual entry time, and can help you protect your business from legal issues related to wage and hour compliance.

stratustime's simple, flexible time & attendance software helps non-profits and small to mid-sized businesses do just this—saving time and minimizing stress in the process.

Helping businesses and non-profit organizations solve issues related to compliance is just one of the many benefits of having **stratus**time on the clock for you.

Learn more about putting stratustime on the clock for you.

Give us a call:
800.561.6366

Visit us on the web:
www.**nettime**solutions.com

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