

# EMPLOYMENT/LABOR LAWS



## ***TEN Aspects of COMPLIANCE That Can Keep Small Business Owners Up at Night***



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*Your Small Business Solutions' Strategist*

## ***TEN Aspects of Compliance That Can Keep Small Business Owners Up at Night***

There is always a fairly long list of items that can keep a small business owner up at night. Compliance can be; and often is, when they don't have someone overseeing the changes in the federal and state employment and labor laws. Here are a few areas of concern and reasons why a small business may want to outsource their human resource compliance. There are two ways to maintain compliance. Hire someone as an employee or you could outsource the function to a human resource consultant.

For the small business organization, it is not usually cost effective to hire a human resource manager who will be dedicated to compliance with these laws and others that apply to a small company.

If you are not staying up at night worrying about compliance with these laws, after reading this article, you may be, if you do not have a professional as a resource to maintain your company compliance.

### **1. If you have to ask the question.... “Am I in compliance??”**

... you probably aren't and it may not be your fault, you say.... as you wear many hats and are very busy...but it IS your responsibility as the owner of a small business.

Does the average small business owner have the time to research, review and keep current with the changes in employment laws at not only the federal but state levels as well??? In most cases, the answer is no. So it is important for them to have SOMEONE looking out for them. Often that someone is an HR Consultant who provides a variety of outsourced services to keep the small business in compliance and on track.

Once your company becomes compliant it is an ongoing process to maintain that status as the laws continually change. Compliance is ONGOING

### **2. Laws can change quickly.**

2015 was a pretty busy year with changes in laws. In 2016 the laws are still changing. It seems like it is never ending, especially to the small business owner who is wearing many hats. The laws change in response to litigation and lobbying...and unless you are working in human resources every day, it is hard to keep up. The changes in the laws can catch you blind-sided as you are a business owner not a human resource manager.

In speaking to other small business owners you may often hear the stories and lessons learned the hard way...through not being in compliance and through an audit of some kind.



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Being audited is not only costly it is time consuming. So to be proactive and have someone who will help you with compliance is important. SOMEONE has to look out for the small business owner and keep their company in compliance. Compliance is number one as a key necessity in the human resource arena at small and large businesses as well.

### **3. The federal and state versions may be different**

The federal and state versions may be different and often are, so you need to pay attention to both. This makes the process more complex and involves more time. If you have employees in more than one state, say in the case of a remote employee (which is becoming more common in small and large companies) then it becomes more involved and more time consuming to maintain company compliance.

The federal government passes various employment laws which impact small businesses. They often will leave some of the fine details to the individual states. The medical marijuana law is one example of that. MA has recently adopted the medical marijuana law and employers need to work with that in their human resource policies. In some cases the states are more liberal and California is a good example of that. CA has extensive state and local laws that can consume MUCH time to review, interpret, implement, understand and be in compliance with them as well.

### **4. There are some grace periods with compliance.**

Some are reasonable, but some are QUICK. If you are not in the loop you may be caught unaware. When the laws change, the government will look at the impact of the laws and how easily and timely the changes can be made by employers. With the Affordable Care Act, the government has given many steps and years to put into practice all details and aspects of the law for both small and large employers.

### **5. The agencies that audit HR compliance at small businesses generate revenues!!**

They are motivated to audit the small business for many reasons and one is for financial enhancement of their revenues. The agencies will often hire additional staff to augment their audits and therefore their revenues. It can be very random and the only way to be sure that you are okay...is to be consistently in compliance. The temporary staffing firms are one industry that has had many frequent trips to audit their immigration/I9 forms and process to mention a few.

As the turnover in the temporary staffing firms is HUGE, it is a goldmine for audits. When I was in the temporary staffing business for over 22 years, we were audited off and on and I



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never knew until sometime after the auditors left our company. My human resource administrator would let me know that we were audited without any issue. That was peace of mind for me as the small business owner.

### **6. As a small business owner you want to stay off the audit agencies' radar.**

The way to do it is to get regular updates of the changes in the laws both federal and state. Having said that, it is one thing to get a copy of the new law, which can be complex and cumbersome. It is quite another to translate it into the appropriate actions that you need to take and another matter of implementing the changes and having clarity around the employer and employee responsibilities in some cases.

It is probably a good idea to entertain more support than just a generic notification of the new law (s). Help with translating the law to the responsibilities for both employer and employee can be very helpful and timely. Also support with policy updates and implementation with the employees can save you time as well. Often the owner will feel more comfortable with a personal implementation, but that is not always the case.

### **7. Once the auditing agency starts looking at one area of compliance....it can open you up to other areas of review.**

It can be the start of a long and costly process if you aren't paying attention to compliance. Some laws piggy back and are intertwined with other laws and it can be a bigger task to get through an audit than it looks like at the outset.

Again another reason to get some outside human resource help so that you can focus your business on the core business functions.

### **8. Some of these audits by regulatory agencies come about after a disagreement with an employee,**

so there is zero time to get into compliance. The time to get into compliance is when you DON'T have any employee issues and then be sure to stay there!



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## **9. Some of these areas of non-compliance are capable of putting the small business owner out of business.**

It is therefore in your best interest to strengthen your small business by paying attention to ALL of a company's human resources responsibilities, in addition to compliance to ensure that you can attract and retain the top talent that will move your company forward. Compliance is ongoing and is a first step!

## **10. It is good to pay attention to your HR compliance as a starting point**

...but there is so much more to be done with human resources to help ensure that your company can attract, retain and grow top talent. We know that your employees are your greatest asset and will help move your company forward as you envision. Compliance is the first step!

If you want to sleep at night, as a small business owner, at the very least work with someone in the HR field who can keep you informed about state and federal law changes as they happen and who will support those changes with additional services. Services like a translation of the law updates into what it means for your company, what it means to your policies, what records/information needs to get updated at your company and will be available to help you with the updates and clearly explain the employer and employee responsibilities.

***It is well worth the investment to have peace of mind,  
wouldn't you agree?***



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