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2014 HR Compliance Checklist

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The end of the year is a busy one for many business owners and human resources personnel. To help ease the transition to 2014, we have created a checklist to help you prepare for the coming year:

- ✓ **Review and update company policies.** Well written policies not only inform employees of company expectations, they also help ensure employers comply with federal, state and local employment laws. Policies, however, can become out of date because of changes in laws or company practices. Employers should review their policies regularly to confirm that they comply with all applicable employment laws, and reflect the company's current benefits, work rules, and business practices.
- ✓ **Audit state and federal forms.** Many state and federal forms change from year to year, so it is important to make sure you are using the most up-to-date versions. For example, the Internal Revenue Service (IRS) typically updates its Form W-4 annually. The IRS is expected to release the 2014 version soon. Many required state and federal forms are available in the State & Federal Resources section of HR411.
- ✓ **Post updated workplace notices.** Workplace posters may change to reflect new laws or regulations, new contact information for the government agency, or simply a redesign. For instance, several states publish new minimum wage posters every year due to annual minimum wage increases. Most posters contain a revision date at the top or bottom of the notice, which can help determine if the most recent notice is posted in your workplace.
Note: Employers that subscribe to ADP's Poster Compliance Service will receive new posters when mandatory changes occur. State and federal posters are also available for download in the State & Federal Resources section of HR411.
- ✓ **Distribute annual notices.** Certain states require that employers provide annual notices to their employees. New Jersey, for example, requires covered employers to distribute Conscientious Employee Protection Act (CEPA) notices to their employees annually. In addition, some states including, but not limited to, California, Illinois, New Jersey, and Texas, also require that a notice concerning the Earned Income Tax Credit be distributed on an annual basis. Additionally, New York requires that employers distribute Wage Theft Prevention Act notices between January 1 and February 1 each year. Many states have similar obligations. To ensure consistency, consider distributing such notices at the beginning of the year. Employers should review their state laws to ensure they have distributed, or are prepared to distribute, all required notices.
- ✓ **Prepare for Form W-2 distribution.** Employers must provide their employees with 2013 Form W-2s by January 31, 2014. Before sending Forms W-2, verify employee data and look for missing or incorrect addresses and invalid Social Security Numbers.
- ✓ **Ensure ACA compliance.** Some provisions of the Affordable Care Act ("ACA") took effect in 2013, and others are scheduled to take effect in 2014 and beyond. For instance, employers subject to the Fair Labor Standards Act (FLSA) were required to provide their current employees with a Notice of Coverage Options ("Notice") by October 1, 2013. Employees hired after that date must receive the Notice at the time of hire. Employers should ensure they have a process in place for including the required Notice in new hire materials. Note: ADP makes the Notice available to you in the RUN Powered by ADP® Support Center. The Notice you select will depend on whether and what type of health insurance coverage you offer employees. For more information on the ACA, visit the Eye on Washington section of ADP.com or Healthcare.gov.

- ✓ **Clean up personnel files.** Employers should review personnel files regularly to ensure they include necessary employee data. The personnel file should include documents such as a job description, job application, handbook acknowledgement, performance reviews, benefits information, any disciplinary notices and reviews, awards, attendance records, and records regarding the employee's departure from the company. Any record that would reveal sensitive or personal information--such as date of birth, nationality, or medical history--must be retained in a separate, confidential file, apart from the employee's personnel file.

- ✓ **Ensure proper vacation carryover.** Some employers adopt policies where employees forfeit any accrued, unused paid time off at the end of the calendar year. However, a number of states require vacation and certain other types of paid time off to be carried over from year to year. In these states, a "use it or lose it" policy would be prohibited. Employers should review their state laws carefully and ensure that their vacation carryover policies are compliant. For more information on state requirements, see the "Vacation Pay" section of the HR411 State & Federal Compliance Database.

- ✓ **Comply with escheat laws.** If a company is holding on to money that belongs to an employee or former employee, such as with un-cashed paychecks, escheat laws require that the company alert the individual and/or send the money to the appropriate state agency. It is important to check state escheat laws since many states have specific requirements, depending upon, among other things, the amount of money involved.

As 2014 approaches, employers should take the time to make sure that their current policies and procedures are compliant, and should review upcoming changes to the law that will be effective in 2014. It is a best practice for employers to review their policies and practices regularly to keep up with any changes in the law.



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