

# Daily timekeeping compliance checklist

**Federal**, state and local labor laws all require accuracy in timekeeping. Some, like New York, specify that the timekeeping must be daily—anything short of that is unacceptable. Timesheets prepared at the end of the work week are noncompliant. Weekly employee time recording is insufficient. Records must be kept daily and available immediately for audit.

Use this checklist to identify timekeeping problems in your operation that could be a problem during audit. We also recommend that you consult legal, accounting, payroll and HR experts to ensure you are doing all you can to protect yourself, your company and your employees.

## Daily

- 1. Collect clock-in/clock-out data in real time for all employees
- 2. Clock all meal breaks
- 3. Accrue sick and vacation time
- 4. Review time-related data the same day
  - a. Hours worked
  - b. Time in/out
  - c. Meal breaks
  - d. Sick time used
  - e. Sick time accrued
  - f. Labor/job costing
- 5. Obtain employee agreement prior to making any corrections to time data
- 6. Complete timesheets daily
- 7. Review daily reports on staff utilization

## Recordkeeping Policy

- 1. Document and enforce your timekeeping policy
- 2. Ensure all employees have convenient access to timekeeping policy and have reviewed it
- 3. Establish timekeeping procedures
  - a. Work schedules (start/end/lunch)
  - b. Absent/tardy call-in procedures
  - c. Time-off requests
  - d. Overtime requests
  - e. Parties responsible for certifying employee timesheets
  - f. Project timekeeping deadlines
  - g. Project timekeeping procedures & emergency back-up plans
  - h. Payroll and certification procedures for employees
  - i. Employee time/leave certification process
- 4. Establish procedures for employees to challenge improper deductions
- 5. Write up employees who do not comply with rules on punch in, punch out, and meal breaks.
- 6. Mark all documents confidential and proprietary. Protect trade secret information and keep duplicates.
- 7. Keep records for six years (rules vary by jurisdiction — New York requires six years)

## Compliance

- 1. Provide pay notices to each new employee in English and their primary language including:
  - a. Regular and overtime pay rates
  - b. Pay method (e.g., hourly, shift)
  - c. Official business name, address and phone number
  - d. Allowances taken as part of minimum wage (e.g., tip, meal, lodging)
- 2. Keep a signed, dated copy of the notice
- 3. Pay all non-exempt workers for all work performed, including pre and post-shift work and overtime.
- 4. Follow time clock-in rounding rules applicable to your area. Make sure rounding is fair in practice.
- 5. Establish a formal process for reporting/resolving wage concerns
- 6. If audited, ask the scope. Produce records for affected groups. Comply with any investigative demand within 72 hours.
- 7. Meet company witnesses to review matters. Use records to support testimony
- 8. Ensure that employees understand FLSA, state wage laws, wage policies and procedures, record-keeping obligations
- 9. Document and enforce compensatory time policy
- 10. Comply with
  - a. Applicable prevailing wage laws
  - b. Applicable minimum wage laws
  - c. Applicable NY state wage theft laws
  - d. FMLA
  - e. ACA
  - f. FLSA
  - g. ERISA
- 11. Have an insurance policy in place for
  - a. New York Paid Family Leave
  - b. New York Workers Compensation
  - c. New York Statutory Disability
- 12. Calculate whether you are subject to ACA employer shared responsibility
- 13. Conduct a workforce analysis to determine distribution of full time, part time and contract labor as well as percentage of overtime (planned and unplanned)
- 14. Determine the look-back period measurement for ACA
- 15. Determine if ACA contributions are unaffordable to any FTE
- 16. Verify that policies are implemented in practice

## Data Gathering

- 1. Use a digital timekeeping system
- 2. Use biometric readers to avoid buddy punching
- 3. Lockout employees from the time clock to prevent working early
- 4. Record meal breaks as they happen
- 5. Ensure convenient entry of all hours worked
- 6. Record all hours worked for all employees whether paid or not
- 7. Track overtime (even if it is unpaid for exempt, for example) for total time accounting
- 8. Allocate time to different projects using labor/job codes
- 9. Track time off
  - a. Sick time
  - b. Vacation time
  - c. Compensatory time
- 10. Give employees access to their timesheets
- 11. Retain timesheets and supporting documents for 6 years (or as required by law)

## Data Review and Reporting

- 1. Produce reports for insight into staffing and budget
- 2. Review time data
  - a. Hours scheduled versus actual
  - b. Overtime requests versus actual
  - c. Leave requests versus actual
  - d. Supporting documents for time off taken (doctor visit, jury duty)
  - e. Signed timesheets
- 3. Require supervisor approve/co-sign on all timesheets
- 4. Record corrections
  - a. Require employee signature for timecard changes
  - b. Document reason for timecard change
  - c. Prevent supervisors from entering or changing timesheets without employee concurrence
  - d. Ensure that timesheets from prior periods cannot be modified after posting or payroll cutoff
- 5. Export electronically to payroll to ensure rapid transfer without rekeying errors
- 6. Ensure that payroll and timekeeping records tie out perfectly

## Scheduling

- 1. Use templates for faster and clearer scheduling
- 2. View all available staff at a glance to enable easy fill of open shifts
- 3. Track certifications and other qualifications to assist supervisors in selecting best candidates to fill open shifts
- 4. Set notifications for potential overtime situations
- 5. Allow shift swapping with supervisor approval
- 6. Set rules for shift swapping based on coverage, budget, overtime limits
- 7. Calculate proper compensation based on schedule

This checklist is meant to assist in general understanding of the current law. It is not to be regarded as legal advice. Seek advice of counsel for particular questions.