

# IS YOUR BUSINESS READY FOR A WAGE AND HOUR AUDIT?

## Misclassifying workers can be an expensive mistake

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**Oakland, NJ (June 5, 2008)** – It's never good news when the federal wage and hour division investigator turns up at your business after a worker complains. You can wind up mired in red tape – and on the hook for thousands of dollars in fines, even if you're doing your best to follow the regulations.

And these investigations increase every year. The Labor Department's Wage & Hour division set a new record in 2007, helping over 341,000 employees recover more than \$220 million in back wages – a 28% increase over 2006. What's more, the agency performed 30,467 compliance actions and assessed over \$10.3 in penalties. Eye-popping numbers, like these, point to one undeniable reality ....federal watchdogs are ramping up wage & hour enforcement like never before.

The Fair Labor Standards Act, or FLSA, is what the Labor Department is enforcing. It sets national standards for minimum wages, overtime pay, recordkeeping, and child labor. Small business needs to pay attention to the guidelines just as much as larger ones do. "You see headlines about fines in the millions of dollars for large companies, but small companies also can face stiff fines and that could conceivably hurt them even more than a larger company," said Thomas J. Cioffe, President/CEO of Compensation Solutions, based in Oakland, New Jersey.

Compensation Solutions is a professional employer organization, or PEO. Small and medium-sized businesses turn to PEOs to handle complicated human resource chores – so much that they have become one of the fastest-growing service businesses in the country, taking over tasks like paying wages and payroll taxes. They also help small business owners comply with the changes constantly coming from Washington in labor laws like the FLSA.

To keep your business in compliance, a regular internal audit of wages and hours is important, according to Cioffe. During the internal audit, employers should evaluate all employees who are classified as "exempt" and evaluate their status based on federal and state standards. Employers should also review job descriptions to ensure that they accurately reflect job duties and responsibilities. Outdated and inaccurate job descriptions can result in costly misclassifications. "If you're too busy running your business and neglect your own internal audit, you could be in for a rude surprise," Cioffe said. "All of the nuances of wage and hour laws can seem inexplicable to a small business owner. That's why a professional employer organization can be a valuable ally."

### About Compensation Solutions

Compensation Solutions is a leading professional employer organization (PEO) that serves as a full-time outsourced human resource partner for small and mid-sized businesses throughout the tri-state area and the United States. Compensation Solutions' headquarters is located in Oakland, NJ with offices in Upper Saddle River and Manhattan. By managing employee benefits, human resources, payroll and workers' compensation administration, Compensation Solutions allows its clients to focus on their core competencies to maintain and grow their bottom line. For additional information, please visit our website at [www.compsolutionsinc.com](http://www.compsolutionsinc.com).

