



February 20, 2007  
Volume 5 Issue 4

# BUSINESS MATTERS

COVERING FLORIDA'S CAPITAL REGION AND SOUTHWEST GEORGIA

## Employment practices need scrutiny

Reading up on the law may save money now – and later

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SPECIAL TO BUSINESS MATTERS

While legal-compliance auditing is generally recommended to prevent litigation and legal violations, periodic employment-law audits can also be used to ensure your company has maximum legal protection — and to positively impact your company's bottom line. Below are some tips to help protect your business from legal woes.

Stay up-to-date on wage and hour practices. Periodic auditing may reveal that wage and hour practices in your company exceed the legal requirements of the Fair Labor Standards Act or appli-

cable state laws. For example, an employee's job duties or compensation may have increased to the point of qualifying for an overtime exemption. Additionally, recent legal developments (i.e., United States Department of Labor opinions and federal/state case law) may provide legal support to consider changing overtime exemption status or other payroll practices, including wage deductions. Make sure you stay abreast of changes taking place both in your office and outside of it to prevent legal problems down the line.

**Know how to hire.** Hiring is one of the most taxing processes businesses have to endure. Have faith. Audits of your company's hiring practices may reveal additional questions you are permitted to ask potential employees. This can lead to better hiring decisions and increased legal

protection. For example, employment applications or background investigation forms that were created several years ago may omit legally permissible questions. Accordingly, it is prudent to periodically review job applications, interviewing procedures and background investigation forms.

**Examine leave practices.** Understanding legal requirements can not only prevent you from accidentally shorting employees the time off that they are entitled to, it can help you combat absenteeism. Periodic audits may reveal that your company has leave policies and practices that extend beyond legal requirements. Make sure to stay current with the changing regulations to avoid employee abuse of policies.

**Implement clear sexual harassment policies.**

Employers should review harassment policies to determine whether additional legal protections are available. Policies that were created several years ago may omit substantial legal protections. Creating strict policies will not only protect your business from lawsuits, but it will protect your employees and provide them with security should a problem arise.

**Update employment agreements.** Employers should periodically review employment agreements to determine whether additional legal protections may be considered. You may need to update your business's employment agreements based on recent state laws or case law developments, increased employee responsibilities or compensation, and changes in the employer's operations. For example, businesses may be able to

secure additional legal protections through recent legal developments regarding arbitration clauses or non-competition restrictions. The more you know about these laws, the more options you may have to combat employee issues.

Knowing the law can not only help your company protect itself and retain its rights in the event of a legal issue, but it can clarify guidelines and policies for employees before problems ever arise. Remember, all laws and collective bargaining obligations must be carefully considered and understood before implementing any change related to terms and conditions of employment. Consult a legal professional to assist you in understanding and implementing these policies on the front end and you'll save yourself from having to consult one further down the road. ■