



Overtime Pay – A Common Business Problem

We were contacted by a company of 30 employees, which had just received notice of an audit by the Wage & Hour Division of the U.S. Department of Labor, prompted by an employee complaint. The audit was to cover a six-month period in which company had identified that they were not paying overtime properly. They had since corrected the problem, but that six-month period when they were not paying overtime correctly was the period to be audited, and the owner estimated a potential underpayment over \$20,000. He was concerned that being required to pay that large amount now would destroy his business. He was panicked when he reached out to us for help.

We conducted our analysis and learned that, while the company was not paying for overtime properly, they were paying for a one-hour lunch each day, which payment was not required. We were able to show the auditor that, in spite of overtime not being calculated correctly, almost all of the employees were money ahead because of the paid lunches, and the total paid by the company to resolve the situation was \$3,900.

Note: We do not recommend waiting until you receive notice of a regulatory audit to find out if all of your pay practices are correct. An HR practices audit conducted by LEEDR HR could have identified the problem in advance and would have cost less than half of the settlement amount.

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