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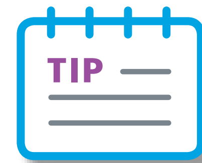
Assessing The Risk:



Wage and Hour Tip Of The Week

Rounding, Clock-In / Out Windows, And Tardiness Policies: A Potentially Dangerous Combination

TIP: Consider how your policies and your supervisors' and managers' unwritten practices on when non-exempt employees may clock in and out may affect the fairness of an otherwise permissible rounding rule.

Under federal law and most state laws, rounding of employees' time clock entries in up to 15 minutes is permissible as long as the rounding equally benefits the employer and employee. But what if the employer has a 15-minute rounding rule and also has a policy prohibiting employees from clocking in more than 7 minutes before shift start time? Assuming an 8:00 a.m. shift start time in this scenario, an employee could clock in no earlier than 7:53 a.m. Yet, a clock-in time between 7:53 and 7:59 a.m. will, with 15-minute rounding, round to 8:00 a.m. such that the rounding will only benefit the employer. While clocking in between 7:45 and 7:52 a.m. would round the employee's starting time to 7:45 a.m. and benefit the employee, a rule that employees may not clock in more than 7 minutes before shift start time would prevent this scenario from occurring regularly, if ever. In short, while the rounding rule standing alone is permissible under federal law and most state laws, it arguably becomes impermissible when combined with a clock-in window that is smaller than the rounding window.

Clock-in windows are not the only point of potential concern. What if the employer also has a tardiness policy disciplining employees for clocking in more than a couple of minutes late such that an employee who clocks in after 8:02 a.m. for an 8:00 a.m. shift will be disciplined? When such a tardiness policy is combined with a 15-minute rounding rule and a clock-in window, the rounding will most likely benefit the employer more often than the employee, and in a greater amount, because the vast majority of employees will mind the tardiness policy and clock-in window such that they will clock in between 7:53 and 8:02 a.m.--limiting rounding in favor of the employee to a maximum of two minutes and only in those instances where they clock in late instead of early. Similar issues may arise using 10-minute or 6-minute rounding rules.

In addition, the same scenarios could play out at shift end time when rounding rules are combined with clock-out windows or policies disciplining employees for staying more than a couple of minutes past shift end time.

The issues do not end with formalized, written policies. For instance, a supervisor or manager worried about the labor costs for his or her division or having issues with employees arriving on time may implement an unwritten rule that establishes a clock-in window or tardiness policy that the company as a whole does not have or that is stricter than the policy the company has. This becomes particularly problematic if employees are working before they are permitted to clock in or after they are required to clock out and, thus, are working off the clock. For these reasons, an audit on the rounding issue should look beyond the written policies to the unwritten timekeeping practices that supervisors or managers may have created for certain divisions or teams within the company.

In short, an audit should start with a comparison the employees' time punches to the rounded time punches. (Remember that the rounding may occur in adding up the total hours for the day or week, rather than by rounding each individual time entry. In other words, if in calculating the employees' total hours for the week, the total hours are recorded to the closest whole hour, 30 minutes, 15 minutes, or tenths of an hour, rounding has occurred even if those weekly total hours calculations are based on actual, rather than rounded, time entries.) If the comparison of actual to rounded time entries suggests that rounding may be benefiting the company more often than its employees or in greater amounts than its employees, ask what the causes of the inequitable rounding are and what you can do to correct the issue while keeping your business needs in mind. For example, are managers and supervisors enacting their own unwritten practices that are creating an issue that otherwise would not exist under the formalized policies? Are the written policies of the company creating or amplifying the issue and, if so, would it make sense for your business to have restrictions on how early or late employees can clock in and out but not to round time entries? Alternatively, does it make sense to widen the windows during which employees can clock in and out to match the rounding window and would doing so actually fix the issue or be combatted by employee behavior or the unwritten rules of supervisors and managers?

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