



FLSA Compliance Audits

How confident are you that you are properly classifying your employees under the Fair Labor Standards Act (FLSA)?

How confident are you that you are complying with the other requirements of the FLSA?

Because of the complicated nature of the FLSA, we recommend that all employers subject to the FLSA conduct periodic FLSA Compliance Audits to avoid potential wage and hour disputes with their employees.

We are available to assist you in planning, conducting, and reporting those audits.

WHY AUDIT?

Audits are needed because FLSA compliance is challenging.

The FLSA is the federal law that establishes wage and hour requirements. Included in those requirements are minimum wage and overtime provisions. Of these two, the FLSA's overtime requirement provides a particular challenge to most employers. The basic rule is fairly simple -- most employees must be paid at a rate of one-and-a-half times their "regular rate" for hours worked over forty hours in a workweek.

However, one of the more complex aspects of the FLSA is which employees are entitled to overtime pay and which employees are not. In other words, determining whether an employee is non-exempt (those entitled to overtime) or exempt (those not entitled to overtime). While the FLSA contains various exemptions, the exemptions most commonly relied upon are the executive, administrative, and professional exemptions.

One of the other areas that presents significant issues for employers is the requirement that employees be paid for all hours an employee is "suffered or permitted to work."

These areas (along with others) call for complicated, highly fact-specific analyses to ensure that violations are not occurring.

WHAT WE DO

An FLSA Compliance Audit focuses on whether you are complying with the FLSA and the regulations promulgated by the U.S. Department of Labor.

A compliance audit is the most effective way to catch and correct FLSA issues.

FLSA compliance audits can take many forms.

Generally, such audits entail a review of documentation related to the positions at issue, such as job descriptions, pay records, and pay plans.

Audits may also include conducting interviews of human resources personnel and persons performing duties in the positions being audited.

At the conclusion of the audit, a written assessment of the audit's findings is prepared and presented to management for action.



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