

## Basic HR Audit Checklist

### Hiring

- ☐ Job Descriptions for all position
- ☐ I-9 Forms Completed with proper identification
- ☐ I-9s and medical information kept separate from personnel file
- ☐ Posting job internally
- ☐ Reference Checks Completed
- ☐ All applicants have completed an application and required forms (i.e. background check, reference check and/or credit check release forms)
- ☐ Do employment applications refrain from requesting protected information?
- ☐ Are applicants asked to voluntarily identify their affirmative action information?
- ☐ Are independent contractors accurately identified?
- ☐ Are all new hires reported to the IRS timely?
- ☐ Do new employees fill out W-4 forms?
- ☐ Are W-4 forms sent to the IRS?

### New employees

- ☐ Are workplace policies in place that focus on your workplace?
- ☐ Are policies communicated?
- ☐ Is this communication documented?
- ☐ Are policies enforced?
- ☐ Is there an employee handbook?
- ☐ Is the employee handbook specific to your workplace?
- ☐ Do employee orientations take place?
- ☐ Is there an orientation plan?
- ☐ Are employees trained on policies and work rules?
- ☐ Are employees trained on discrimination and harassment issues?

### Wages and hours

- ☐ Are compensation levels monitored and reviewed?
- ☐ Are employees correctly designated as exempt or nonexempt per FLSA?
- ☐ Is there a formal pay structure that is reviewed regularly?
- ☐ Is working time documented?
- ☐ Are paid time off (vacation, holidays, etc) structures developed and equally enforced?
- ☐ Are non-exempt employees compensated at least one and one-half times their hourly wage for any hours worked beyond 40?
- ☐ Is the compensation plan communicated to all employees?
- ☐ Are appropriate payroll withholdings performed and forwarded?

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### Benefits

- ☐ Are employees informed about their benefits?
- ☐ Are Summary Plan Descriptions provided to plan participants?
- ☐ Who administers the benefits?
- ☐ Are general COBRA notices provided to plan participants? Extended COBRA notices?
- ☐ Are employees allowed up to 12 weeks of leave under the FMLA?
- ☐ Are plan documents in compliance with ERISA?
- ☐ Are supervisors and managers trained to report employee absences of more than three days to HR for FMLA purposes?
- ☐ If there is a health care plan, is protected health information kept private and secure?
- ☐ Are all Form 5500s completed and reported?

### Employee relations

- ☐ Is there a system for performance evaluation?
- ☐ Does the system check for effectiveness of the evaluation?
- ☐ Is quality and quantity of work evaluated?
- ☐ Is performance tied to compensation?
- ☐ Are workplace policies flexible?
- ☐ Are disciplinary actions for violating workplace policies flexible?
- ☐ Is there a process for employees to lodge complaints?
- ☐ Are there a variety of individuals to whom employees may lodge complaints (supervisor, HR representative)?
- ☐ Is there a whistleblower policy in effect?

### Safety and security

- ☐ Are safety hazards reported to the appropriate personnel?
- ☐ Are workplace accidents, injuries, and illnesses reported and investigated?
- ☐ Are measures in place to prevent intruders from entering the grounds or buildings?
- ☐ Is bright, effective lighting installed indoors and outdoors?
- ☐ Are measures in place (access badges, traffic control, etc.) to keep unauthorized persons from entering the facility through normal entrances?
- ☐ Are employees encouraged to promptly report incidents, and suggest ways to reduce or eliminate risks?

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- ☐ Are structures readily accessible to disabled employees?
- ☐ Are minors prohibited from performing hazardous work?
- ☐ Are OSHA rules adhered to?

### Discrimination and employee rights

- ☐ Are employees trained on discrimination issues?
- ☐ Are supervisors and managers trained in anti-discriminatory practices?
- ☐ Are employment practices in line with the various anti-discrimination laws?
- ☐ Are minors prohibited from working more than their hours allowed by the Fair Labor Standards Act?
- ☐ Are effective policies in place that prohibit retaliation against employees who exercise their rights?

### Workers' compensation

- ☐ Are injuries/incidents investigated?
- ☐ Is follow-up remediation performed where appropriate?
- ☐ Are employees workers compensation files kept secure and separate from their employee file?
- ☐ Is regular contact made with employees out on workers compensation?
- ☐ Are return-to-work programs checked for effectiveness?
- ☐ Is contact made with medical providers?
- ☐ Are insurance premiums and competitive quotes reviewed on a periodic basis?
- ☐ Is the workplace environment maintained with safety in mind?
- ☐ Are state (new and existing) requirements monitored?

### Employee separation

- ☐ Do exit interviews take place?
- ☐ Are separation and COBRA notices provided on time?
- ☐ Are final paychecks provided on time?

### Recordkeeping and other documentation

- ☐ Are personnel files current?
- ☐ Are all appropriate labor posters displayed in a conspicuous place?
- ☐ Have the posters been updated?
- ☐ Are documents regarding employees kept for their required duration (See Michigan Record Keeping Requirements)?

### Management

- ☐ Are HR goals in line with those of the organization?
- ☐ Are workweeks identified and defined?
- ☐ Are full-time and part-time hours defined?
- ☐ Are shifts defined?
- ☐ Is there open communication to and from the HR department?



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## ***Informational Sheet: Record Keeping Requirements***

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### **All Employees:**

- Employee name, address, and date of birth
- Occupation/classification
- Rate of pay
- Total daily hours worked, showing starting and ending times each day, computed to the nearest tenth of an hour (6 minutes) or smaller unit utilized
- Total hours worked in each pay period
- Total wages paid each pay period
- Separate itemization of deductions made each pay period
- Itemization of fringe benefits (1 listing for 10 or more employees)
- Signed authorizations (deductions and payment by direct deposit)
- Furnish each employee at the time of payment of wages a statement indicating:
  - Hours worked by the employee
  - Gross wages paid
  - Identification of the pay period for which payment is being made
  - Itemization of deductions
- Required Michigan minimum wage law poster (WHD 9904) posted at the work site
- Keep required records for at least three years

### **Additional Records for Tipped Employees:**

- Signed, dated statement of tips received each pay period.
- Itemization of credits taken for tips each pay period.

### **Additional Records for Employees Paid on Piece work:**

- Hand harvester paid on a piece work basis: total number of units harvested by the employee.
- An employer shall keep records for employees paid on a piece work basis to indicate pieces produced.

### **Additional Records for Employees Paid by Payroll Debit Card:**

- If an employer deposits wages into a pooled account accessible to an employee using a payroll debit card, the employer shall maintain records of each deposit sent to the card issuer for that account showing the amount of wages deposited for each employee and the date of the deposit.
- In addition, each cardholder's ownership interest in the funds deposited shall be indicated on records maintained by the card issuer, the depository institution's deposit account, or a third party.

### **Recommended for employees paid on a commission basis:**

- List of accounts, sales, or other methods of calculation of commissions.

<b>Job Title :</b>		<b>Grade:</b>
<b>Incumbent's Name:</b>		
<b>Department:</b>		
<b>Supervisors Name:</b>		
<b>Date Completed:</b>		
<b>Completed by:</b>		

Please note that an employee must meet the salary basis test to be exempt under the FLSA. If the person in the position earns less than the minimum required salary (\$455 per week), the position is considered non-exempt and is subject to the overtime provisions of the FLSA. <sup>2</sup>

**Instructions:**

1. Read the criteria for each exemption category (executive, administrative, computer, learned professional, or creative professional).
2. Place an x in each box that applies to this position. You may check boxes in more than one exemption category. Give specific and detailed answers to the questions asked.
3. After checking the relevant boxes and providing detailed answers, please go to the last page and make a recommendation in the exempt or non-exempt box. Add any final comments or supporting remarks in the space reserved for additional comments.
4. Please submit the completed form as an email attachment to Human Resources.

### Executive Employee Exemption

Exempt executive employees generally are responsible for the success or failure of business operations under their management. Other critical elements are (1) whether management is the employees primary duty, (2) whether the employee directs the work of two or more full-time equivalent employees, and (3) whether the employee has the authority to hire/fire other employees or, alternatively, whether the employees suggestions and recommendations as to the hiring, firing, advancement, promotion or other change of status of other employees are given particular weight .

	YES	NO
<b>1. Is the employee compensated on a <u>salary basis</u> at a rate not less than \$913 per week?</b>		If no, stop. The employee is not exempt.
<b>2. Does the employee's primary duty consist of managing the enterprise or a customarily recognized department or division thereof? If yes, please describe:</b>		If no, the employee is not exempt under this test.
<b>3. Does the incumbent regularly and customarily supervise two or more employees who are employed in the department or subdivision that the employee manages?</b>		
Interview, select, and train employees? Coach employees in proper job performance techniques and procedures?		
Direct the work of employees and set/adjust their rates of pay and hours of work?		
Maintain records on employee productivity for use in supervision or control?		
Appraise employees productivity and efficiency to recommend promotions or other changes in status?		
Handle employee complaints and grievances and discipline employees when necessary?		
Plan other employees work and determine the techniques used in their work?		

Apportion work among different employees?		
Determine the types of materials, supplies, or tools to be used by other employees? Control the flow and distribution of materials and supplies?		
Provide for the safety of employees and the property of the employer?		
Control the budget? If yes, please explain:		
Monitor or implement legal compliance measures?		
<b>3. Does the incumbent have shared responsibility for the supervision of the same employees in the same department? If yes, please describe:</b>		
<b>4. Does the incumbent have the authority to hire or fire other employees?</b>		
If no, is it part of the incumbent's job to make recommendations on hiring, firing, advancement, promotion, or other change of status?		
Are the incumbent's recommendations frequently relied upon?		
<b>4. What percent of working time does the incumbent spend providing the leadership duties and responsibilities described above?</b>	_____ %	
<b>5. List the employees whose work is customarily and regularly directed by the incumbent.</b>  <b>Last Name</b>  <b>Title</b>  <b>Weekly work hours</b>		

### Administrative Employee Exemption

The duties portion of the administrative exemption test establishes a two-part inquiry for determining whether an employee performs exempt administrative duties. First, what *type* of work is performed by the employee? Is the primary duty the performance of work directly related to management or general business operations? Second, what is the *level* or *nature* of the work performed? Does the employees primary duty include the exercise of discretion and independent judgment with respect to matters of significance? All of the relevant factors must be considered when determining whether an employee in an administrative position is exempt.

	YES	NO
<b>2. Is the employee compensated on a <u>salary basis</u> at a rate not less than \$913 per week?</b>		If no, stop. The employee is not exempt.
<b>3. Please describe the incumbent's primary duty :</b>		
Is this primary duty directly related to the management or general business operations of the credit union or its customers? <sup>6</sup>		If no, the employee is not exempt under this test.
<b>3. Does the incumbent's <u>primary duty</u> require the exercise of discretion and <u>independent</u> judgment with respect to matters of significance? If yes, does the employee:</b>		If no, the employee is not exempt under this test.
Have the authority to formulate, affect, interpret, or implement management policies or operating practices? If yes, please provide an example:		
Carry out major assignments in conducting the operations of the credit union?		
Perform work that affects business operations to a substantial degree?		
Have the authority to commit the credit union in matters that have significant financial impact? If yes, please provide an example:		
Have authority to waive or deviate from established policies and		



procedures without prior approval? If yes, please provide an example:		
Provide consultation or expert advice to management?		
Have authority to negotiate and bind the credit union on significant matters? If yes, please provide an example:		
Have involvement in planning long or short-term business objectives?		
Investigate and resolve matter of significance on behalf of management? If yes, please provide an example:		
Represent the credit union in handling complaints, arbitrating disputes or resolving grievances? If yes, please provide an example:		

### Computer Employee Exemption

An employee who meets the consolidated duties test for computer professionals will be exempt if he or she meets either the salary or fee basis test or is paid at least \$27.63 hourly. To qualify as an exempt computer employee, a worker must have a primary duty that consists of the four duties described under #3 below. The primary duty requirement applies both to salaried and hourly computer employees.

	YES	NO
1. Is the employee compensated on either a salary or fee basis at a rate not less than \$913 per week, or if compensated on an hourly basis, at a rate not less than \$27.63 per hour?		If no, stop. The employee is not exempt.
2. Is the incumbent employed as a computer systems analyst, computer programmer, software engineer, or other similarly skilled worker in the computer field? If yes, please describe the incumbent's <u>primary duty</u> (see end note ):  		If no, stop. The employee is not exempt under this test.
3. Does the incumbent's primary duty consist of:		
a) The application of systems analysis techniques and procedures, including consulting with users to determine hardware, software, or system functional specifications? If yes, please give an example:		
b) The design, development, documentation, analysis, creation, testing, or modification of computer systems or programs, including prototypes, based on and related to user or system design specifications? If yes, please give an example:		
c) The design, documentation, testing, creation, or modification of computer programs related to machine operating systems? If yes, please give an example:		
d) A combination of the aforementioned duties, the performance of which requires the same level of skills? If yes, please give an example:		

### Professional Employee Exemption

The professional exemption actually encompasses two exemptions one for learned professionals and one for creative professionals. To be an exempt learned professional an employee must have a primary duty that is the performance of work requiring knowledge of an advanced type including the consistent exercise of discretion and judgment in a field of science or learning where the advanced knowledge is acquired by a prolonged course of specialized intellectual instruction (examples include lawyers, doctors, architects, teachers, etc.). To meet the test for the creative professional exemption, an employee must have a primary duty that involves the performance of work requiring invention, imagination, originality or talent in a recognized field of artistic or creative endeavor (examples include actors, musicians, novelists, etc.).

### Learned Professional Employee

	YES	NO
1. Is the employee compensated on either a <u>salary or fee basis</u> at a rate not less than \$913 per week?		If no, stop. The employee is not exempt.
2. Please describe the incumbent's primary duty:		
3. Does the incumbent's primary duty involve the performance of work requiring advanced knowledge <sup>10</sup> in a field of science or learning that is customarily acquired by a prolonged course of specialized intellectual instruction?		
4. Is the incumbent's primary duty predominantly intellectual in character? If yes, please describe:		
5. Does the incumbent's primary duty require that his or her advanced knowledge be used to analyze, interpret, or make deductions from varying facts or circumstances? If yes, please give an example:		
6. Does the incumbent's primary duty include the <u>consistent</u> exercise of discretion and judgment?		

### Creative Professional Employee

	YES	NO
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1. Is the employee compensated on either <u>salary or fee basis</u> at a rate not less than \$913 per week?		If no, stop. The employee is not exempt.
2. Please describe the incumbent's primary duty:		
3. Does the incumbent's primary duty involve the performance of work requiring invention, imagination, originality, or talent in a recognized field of artistic or creative endeavor?		