

# Compensation Audit

## COMPENSATION

### Pay Review

1. Is your plan and procedures for conducting annual reviews up-to-date and effective in ensuring that employee pay is equitable within the company and is competitive within your industry and geographic location.
2. Do you have procedures established to accommodate special pay adjustments to accommodate emergencies?
3. Do you establish an annual pay increase budget and is it tied to your position in the market place?
4. How are promotions defined and processed? Are expenditures included in the merit budget or handled separately?

### Pay Structure

1. Has a structure of rate ranges been established to provide the ability to group jobs of similar job worth to a grade and to set the minimum and maximum pay?
2. Are structure control points such as the midpoint linked to the desired position in the market?
3. Has the structure been reviewed to ensure that it is consistent with the market?

### Job Descriptions

1. Have your jobs been documented in the form of job descriptions?
2. Are essential functions covered in existing job descriptions in a format that is consistent and easy-to-read?
3. Do you have a system to maintain currency of job descriptions and usefulness for recruiting, merit increases, and employee development?

### Job Analysis & Evaluation

1. Has a plan been established to determine job worth?
2. Are individual jobs analyzed and grouped into broader classifications based on work performed, job worth and job of responsibility?

### Performance Evaluation

1. Has a plan been established to evaluate employee performance?
2. Is the plan designed to be used to determine pay increases, create development plans, and to determine bonus awards?

### Incentive Compensation

1. Has a plan been established to provide for short-term awards as an incentive for improved performance or to achieve targeted goals?
2. Are different plans established and designed for employee categories such as executives, professionals, salary exempt, or non-exempt?

### Surveys

1. Do you have access to published surveys that provide an overview of prevailing pay levels and trends that affect your company?
2. Do existing published surveys cover your industry? If not, do you require a special tailored survey to cover your needs?

### Fair Labor Standards Act & State Overtime Laws

1. Has a review of job duties and responsibilities been conducted to ensure compliance with federal and state laws on overtime pay?
2. Has provisions covering Information Technology employees been reviewed to ensure compliance?

## BENEFITS

### Total Program

Does your program include these provisions?

1. Medical and Health, including such plans as HMO, PPO, and Dental
2. Insurance, including employee and dependent life and long-term disability
3. Retirement
4. Pay-for-time-not-worked, including holidays, sick days, and vacations
5. Flexible Pre-Tax Benefits
6. Tuition Reimbursement

### Competitiveness

1. Has an in-depth review of benefits provided been conducted to ensure that you are competitive in terms of coverage and expenditures?
2. Has your benefits program been reviewed from an overall perspective recognizing that it's more important to be competitive in certain areas than others
3. Has providing flexible (tax protected) plans been explored?

### Executive Perquisites

1. Does your company need to provide special privileges to be competitive?
2. Has an inventory of perquisites been reviewed for relevance and impact along with cost impact?