



PROGRAM

Wage and Hour Division
Payroll Audit Independent Determination Program



WAGE AND HOUR DIVISION
U.S. DEPARTMENT OF LABOR

1-866-487-9243
[DOL.GOV/WHD](https://www.dol.gov/whd)

Introduction

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What is this webinar about?

- Introduction to the PAID self-audit program
- Benefits of participation
- How the program works



What is PAID?

PAID is a self-audit program that enables employers to resolve minimum wage and overtime violations without litigation.



PAID benefits all parties

- PAID is a win for employees
- PAID is a win for employers
- PAID is a win for taxpayers



Benefits of participation

FOR EMPLOYEES

- Receive back wages owed—faster
- No litigation expense or delay
- No attorneys' fees
- Employers correct practices going forward to further protect employees
- Free to decide whether to accept settlement or not



Benefits of participation

FOR EMPLOYERS

- Resolution outside of litigation
- More streamlined than a full investigation
- No liquidated damages
- No civil money penalties



What is the purpose of PAID?

- Get more back wages to employees—faster
- Make it easier to resolve inadvertent violations of the law
- Improve compliance



Who can participate in PAID?

Employers who are:

- Covered by the FLSA
- Seeking to resolve inadvertent FLSA minimum wage and overtime violations
- Willing to meet program requirements
- Acting in good faith
- Willing to commit to future compliance under the FLSA



Who cannot participate in PAID?

- Currently under investigation for the same issues
- Currently in litigation for the same issues
- Acting in “bad faith”



What types of violations does this program address?

- FLSA only
- Minimum Wage
- Overtime



How does the program work?

- What must an employer do to participate?
- What is the process?



What must an employer do to participate?

THE PROCESS

1. Learn about PAID
2. Determine eligibility
3. Review FLSA compliance materials
4. Review compensation practices for potential violations



The process, continued ...

5. Specifically identify any violations found
6. Identify affected employees
7. Identify timeframes
8. Calculate back wages



The process, continued ...

9. Contact WHD

10. Submit:

- The names, addresses, and phone numbers of all affected employees;
- Back wage calculations along with supporting evidence and methodology used to make those calculations;
- Payroll records and any other relevant evidence;
- Records demonstrating hours of work of each affected employee during the time frame at issue;



The process, continued ...

- Records to show that you have corrected the compensation practices to comply with the FLSA;
- A concise explanation of the scope of the potential violations for possible inclusion in a release of liability;
- A certification that the employer reviewed all of the PAID program's information, terms, and compliance assistance materials; and
- A certification that the employer meets all eligibility criteria of the PAID program.

The process, continued ...

11. WHD reviews back wage computations
12. WHD issues summary of unpaid wages
13. WHD issues claims forms describing settlement for each employee
14. Employer pays all back wages by the end of the next full pay period
15. Employer provides proof of payment



PAID Website



UNITED STATES
DEPARTMENT OF LABOR

All DOL WHD

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Wage and Hour Division

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Wage and Hour Division (WHD)

PAID

The Wage and Hour Division's (WHD) new nationwide program, the Payroll Audit Independent Determination (PAID) program, facilitates resolution of potential **overtime and minimum wage** violations under the Fair Labor Standards Act (FLSA). The program's primary objectives are to resolve such claims expeditiously and without litigation, to improve employers' compliance with overtime and minimum wage obligations, and to ensure that more employees receive the back wages they are owed—faster.



Under PAID, employers are encouraged to conduct audits and, if they discover overtime or minimum wage violations, to self-report those violations. Employers may then work in good faith with WHD to correct their mistakes and to quickly provide 100% of the back wages due to their affected employees.

[Read testimonials about PAID from participants](#)

- How PAID Works ✓
- Participating in PAID ✓
- Determine Your Eligibility ✓
- Review FLSA Compliance Materials ✓
- Conduct Your FLSA Self-Audit ✓
- Payment of Wages ✓

PAID Website

How PAID Works



On this website, interested employers can find the resources they need to participate in PAID, starting with relevant FLSA compliance assistance materials.

After reviewing these materials, employers must then audit their compensation practices for potentially non-compliant practices. Once an employer identifies any potential claims it wants to resolve, the employer must then:

- Specifically identify the potential violations;
- Identify which employees were affected;
- Identify the timeframes in which each employee was affected; and
- Calculate the amount of back wages the employer believes are owed to each employee.

Next, the employer should contact WHD to discuss the issues for which it seeks resolution. WHD will then inform the employer of the manner in which the employer must submit required information, including the following:

- The back wage calculations described above, along with supporting evidence and methodology;
- A concise explanation of the scope of the potential violations for possible inclusion in a release of liability;
- A certification that the employer reviewed all of the program's information, terms, and compliance assistance materials; and
- A certification that the employer meets all eligibility criteria of the program.

WHD will then evaluate this information and contact the employer to discuss next steps, including the collection of any other information necessary for WHD to assess the back wages due for the identified compensation practices. Employers are responsible for issuing payment by the end of the next full pay period after receiving the summary of unpaid wages and must provide timely proof of payment to WHD.

PAID Website

Participating in PAID



To participate in PAID, you must be 1) covered by the FLSA, 2) interested in proactively resolving potential minimum wage and/or overtime claims under the FLSA, and 3) willing to commit to future compliance under the FLSA.

Coverage

See: [Fact Sheet #14: Coverage Under the Fair Labor Standards Act \(FLSA\)](#)

See: [elaws Fair Labor Standards Act Advisor](#)

Coverage Questions

Does your organization have two or more employees?

- If yes, go to the next question.
- If no, your employees are not covered under the FLSA by enterprise coverage, but still may be covered under individual coverage (see below).

Is your organization:

- A Federal, state, or local government agency;
- A hospital, or an institution primarily engaged in the care of the sick, the aged, or the mentally ill or developmentally disabled who live on the premises (it does not matter if the hospital or institution is public or private or is operated for profit or not-for-profit);
- A pre-school, elementary or secondary school, institution of higher learning (e.g., college), or a school for mentally or physically handicapped or gifted children (it does not matter if the school or institution is public or private or operated for profit or not for profit); or
- A company/organization with annual dollar volume of sales or receipts in the amount of \$500,000 or more?

- If yes to any one of the above, your employees are covered under the FLSA by enterprise coverage.
- If no, your employees are not covered under the FLSA by enterprise coverage, but still may be covered under individual coverage.

Do your employees:

- Engage in interstate commerce;
- Produce goods for interstate commerce and/or provide services closely related and directly essential to the production of goods for interstate commerce; or
- Provide domestic service?

PAID Website

Determine Your Eligibility



When contacting WHD about potentially participating in PAID, be prepared to certify the following is true:

- You are an employer covered by the FLSA.
- The employees included in your proposed PAID self-audit are not subject to prevailing wage requirements under the H-1B, H-2B, or H-2A Visa Programs, the Davis Bacon Act or Related Acts, the Service Contract Act, or any Executive Order.
- Neither WHD nor a court of law has found within the last five years that you have violated FLSA minimum wage and/or overtime requirements by engaging in the same compensation practices at issue in this proposed PAID self-audit.
- You are not currently a party to any litigation (private or with WHD) asserting that the compensation practices at issue in this proposed PAID self-audit violate FLSA minimum wage and/or overtime requirements.
- WHD is not currently investigating the compensation practices at issue in this proposed PAID self-audit.
- You have informed WHD of any recent complaints by your employees or their representatives to you or your representatives, to WHD, or to a state wage enforcement agency asserting that the compensation practices at issue in this proposed PAID self-audit violate FLSA minimum wage and/or overtime requirements.
- You have not previously participated in PAID to resolve potential FLSA minimum wage or overtime violations resulting from the compensation practices at issue in this proposed PAID self-audit.
- You have a continuing duty to update WHD on any changes to the above information and/or representations.

WHD maintains its discretion to determine whether to accept employers into PAID. Potential participants are examined on a case-by-case basis.

PAID Website

Review FLSA Compliance Materials



Compliance Assistance Review

Now that you have confirmed that your business must comply with the FLSA, to participate in PAID, you must review compliance assistance materials about the FLSA. This material will not only help you understand the program, but also help you more fully understand your minimum wage and overtime obligations under the FLSA before conducting your self-audit.

You will be asked to enter your name and the name of your business at the start of the review. You must review the material presented on each screen before proceeding to the next item. There are a total of 12 screens of materials, including a series of short videos on FLSA topics. Videos are hosted on YouTube so please ensure you are viewing them on a device that supports YouTube.

After you complete the Compliance Assistance Review, the system will generate a Certificate of Completion. Please print the certificate or save it as a pdf, as you will need to present it to WHD with the rest of your documents.

Certificate Information

Please provide the following information to generate your Certificate of Completion at the conclusion of the Compliance Assistance Review.

Your Name * **Business Name ***

Next >

* Required field

If you would like additional information you may visit or bookmark the [FLSA Compliance Assistance Library](#)

These materials are for general information and are not regulations.

PAID Website

Compliance Assistance Review

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After you complete the Compliance Assistance Review, you will receive a certificate or save it as a pdf, as

Screen 3 of 12

Which workers are "employ

[Fact Sheet 13: Employment](#)

If you would like additional i

These materials are for general i

Conduct Your FLSA Self-A

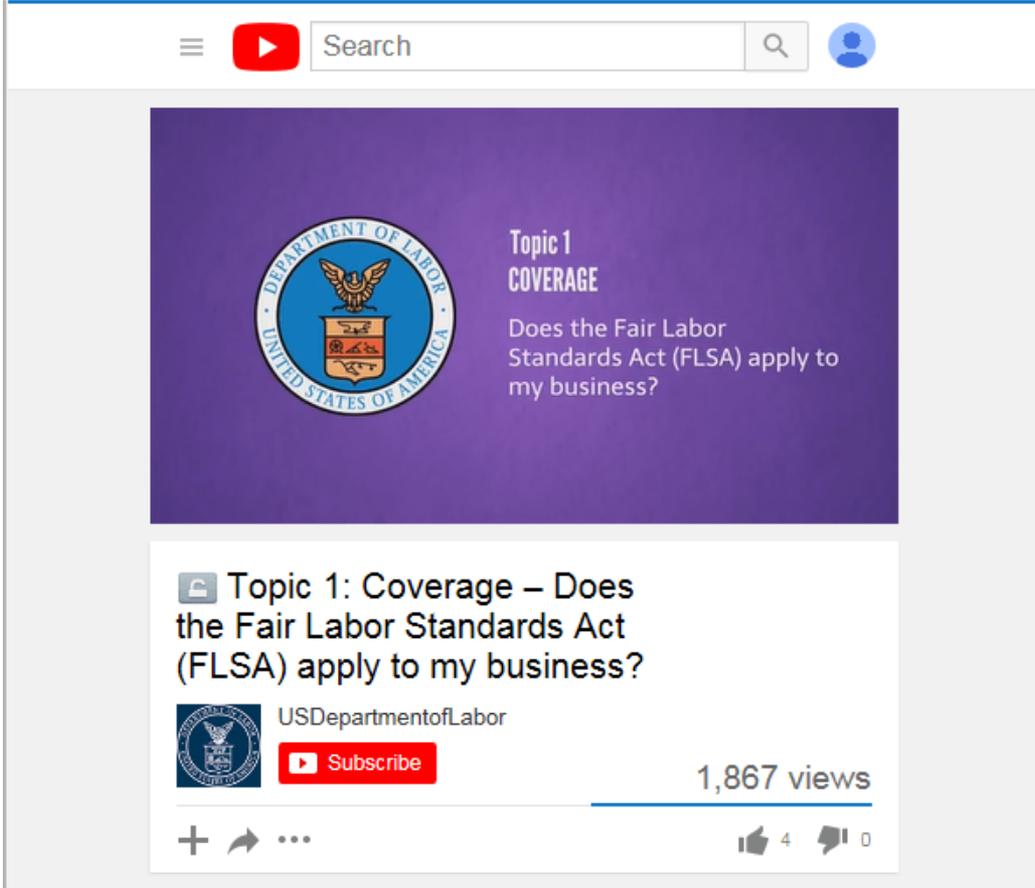
Payment of Wages

Contact WHD



The screenshot shows a web browser window titled "Fact Sheet 13 - Wage and Hour Division (WHD) - U.S. Department of Labor - Internet Explorer". The page features a red header with the United States Department of Labor logo and name. Below the header, there are navigation links: "All DOL" (selected), "WHD", a search bar, and "A to Z | Site Map | FAQs | Forms | About DOL | Contact Us | Español". The main content area is titled "Wage and Hour Division" and includes social sharing options, a "Was this page helpful?" star, and a breadcrumb trail: "DOL Home > WHD > Fact Sheets > Fact Sheet 13". The main heading is "Wage and Hour Division (WHD)" with a sub-heading "(Revised July 2008) (PDF)". The primary title is "Fact Sheet 13: Employment Relationship Under the Fair Labor Standards Act (FLSA)". A paragraph of text follows: "This fact sheet provides general information concerning the meaning of 'employment relationship' and the significance of that determination in applying provisions of the FLSA." Below this is a section titled "Characteristics" with the beginning of a paragraph: "An employment relationship under the FLSA must be distinguished from a strictly contractual one. Such a relationship must exist for any provision of the FLSA to apply to any person engaged in work which may otherwise be subject to the Act. In the application".

PAID Website



The image shows a screenshot of a YouTube video player. At the top, there is a navigation bar with a menu icon, the YouTube logo, a search bar containing the word "Search", a magnifying glass icon, and a profile icon. The video content area has a purple background. On the left is the official seal of the U.S. Department of Labor, featuring an eagle with wings spread, perched on a shield with a scale of justice and a plow, surrounded by the text "DEPARTMENT OF LABOR" and "UNITED STATES OF AMERICA". To the right of the seal, the text reads "Topic 1 COVERAGE" and "Does the Fair Labor Standards Act (FLSA) apply to my business?". Below the video area, the video title is "Topic 1: Coverage – Does the Fair Labor Standards Act (FLSA) apply to my business?". The channel name is "USDepartmentofLabor" with a small circular profile picture of the department's seal. A red "Subscribe" button is visible. The view count is "1,867 views". At the bottom, there are icons for adding to a playlist, sharing, and a menu, along with like and dislike counts showing 4 likes and 0 dislikes.

PAID Website

After you complete the Compliance Assistance Review, the system will generate a Certificate of Completion. Please print the certificate or save it as a pdf, as you will need to present it to WHD with the rest of your documents.



Certificate of Completion
This certifies that:

JOHN DOE

John Doe, Inc.

Has successfully completed the review of compliance assistance materials required for the PAID program.

5/14/2018

Keep your certificate to submit to WHD with your required information.

[Print Certificate](#)

PAID Website

Conduct Your FLSA Self-Audit



Once you have completed the PAID Compliance Assistance review and generated and saved your Completion Certificate, you must audit your business's compensation practices. Before moving to the next steps, be sure that you have:

- Specifically identified the potential violations that may have occurred in the last two years;
- Identified which employees were affected within the last two years;
- Identified the timeframes, within the last two years, in which each employee was affected; and
- Calculated the amount of back wages you believe are owed to each employee.

IMPORTANT: If you pay back wages to your employees *before* WHD reviews and assesses the back wages owed, those employees will not have waived their rights to pursue a private lawsuit for these potential violations under the FLSA because WHD *did not supervise* the settlement of these back wages.

When you contact the WHD district office, you will be asked to provide WHD with:

- The names, addresses, and phone numbers of all affected employees;
- Your back wage calculations along with supporting evidence and methodology used to make those calculations;
- Payroll records and any other relevant evidence;
- Records demonstrating hours of work of each affected employee during the time frame at issue;
- Records to show that you have corrected the compensation practices to comply with the FLSA;
- A concise explanation of the scope of the potential violations for possible inclusion in a release of liability;
- A certification that the employer reviewed all of the program's information, terms, and compliance assistance materials; and
- A certification that the employer meets all eligibility criteria of the program.

WHD will then evaluate this information and contact you to discuss next steps, including collecting any other information necessary for WHD to assess the back wages due for the identified violations. If WHD accepts you into PAID, WHD will provide you with the proposed scope of the release of liability for the potential violations presented.

PAID Website

Payment of Wages



After WHD assesses the back wages due, it will issue a summary of unpaid wages. WHD will also issue forms describing the settlement terms for each employee, which employees may sign to receive payment. The release of claims provided in the form will reflect the previously provided release language and, again, will be limited to the potential violations for which the employer had paid back wages. Employers are responsible for issuing prompt payment; WHD will not distribute the back wages.

Employers must pay all back wages due by the end of the next full pay period after receiving the summary of unpaid wages, and provide proof of payment to WHD expeditiously.

PAID Website

More Paid Resources

- View a [webinar about PAID](#)
 - PAID Webinar Slides ([PDF](#))
- [Questions and Answers about PAID](#)
- News Release [03/06/18]: [U.S. Department of Labor Announces New Program To Expedite Payment to American Workers](#)
- The Hill [03/06/18]: [Dept. of Labor's new PAID program a win-win-win for employers, taxpayers, employees](#)
- If you have further questions about PAID, [contact us](#).

PAID Website

Wage and Hour Division (WHD)

Questions and Answers About PAID

Program Overview and Participation

1. [How is PAID a win for employees?](#)
2. [How is PAID a win for employers?](#)
3. [How is PAID a win for taxpayers?](#)
4. [Who can participate in this program?](#)
5. [May employers use this program to resolve claims that are already being investigated or litigated?](#)
6. [What if an affected employee files a lawsuit without knowing that the employer is already participating in PAID?](#)
7. [What types of violations does this program address?](#)
8. [What if an employer has already paid back wages to employees before participating in the program?](#)
9. [Can an employer participate in the program if it did not keep records of the hours its employees worked?](#)
10. [Does this program require employees to participate?](#)
11. [Why would employers participate in the program if they can perform their own internal audits and pay whatever additional wages they conclude are appropriate?](#)



How Does the Program Work?

1. [What must an employer do to participate in the program?](#)
2. [What does the employer do after it reviews and assembles the above information?](#)
3. [What happens after the employer provides the requisite information and acknowledgments?](#)
4. [To what extent will WHD examine employers' records for violations other than those the employers propose to resolve in the program?](#)
5. [Does PAID require employers to include former employees in their back wage calculations?](#)
6. [If WHD denies an employer's request to participate in the program, will WHD then investigate the employer based on the information the employer already provided?](#)
7. [After WHD assesses the back wages due, what happens next?](#)
8. [What happens if employers refuse to pay the back wages due after WHD makes its determinations?](#)
9. [By when must employers pay the back wages to employees?](#)
10. [How long should employers and employees expect the process to take?](#)
11. [What effect, if any, will employers' participation in the program have on potential claims arising under state law?](#)
12. [Is data or information provided to WHD in connection with the program subject to the Freedom of Information Act \(FOIA\)?](#)

Testimonials

But don't take our word for it...

Here's what employers and employees who have been through the program have to say:

Testimonials

I would say that my experience with the Department of Labor's PAID program was an awesome experience because not only was I able to make the corrections I needed to make, I also learned a lot and was also able to pass along what I learned to others.

Ms. Alonso, Employer, Local Government

Before this self-audit, I was always doing paperwork on my own time and doing extra travel on my own dime. Now my employer has corrected that and I am being paid for all of it. The back wage check came at very crucial time for me.

Ms. Hamel, Employee, Non-Profit

How will I learn more about PAID?

- www.dol.gov/whd/paid
- Subscribe to WHD Key News Alerts online
- 866-4US-WAGE

