



## Farella Payroll and Pay Equity Audit Services

Why would your business benefit from a Payroll/Pay Equity Audit?

**SAN FRANCISCO  
ST. HELENA**

**fbm.com**

To learn more, contact:



**Holly L. Sutton**

415.954.4476 | [hsutton@fbm.com](mailto:hsutton@fbm.com)

Talent is a significant factor in an organization's success. Employee mobility and dissatisfaction directly affect an organization's bottom line, and require energy and strategic action by leadership. In California, all organizations are contending with the legal risks arising from new contractor definitions, while also complying with new pay equity and salary disclosure rules. Worst case employee management scenarios end in litigation, public scrutiny, and potentially career ending accusations. Payroll audits help all of these situations.

### What Is a Payroll/Pay Equity Audit?

An audit of payroll practices provides transparency and insight into an organization's employee compensation process to ensure your workforce is properly classified, fraud is not occurring, the infrastructure supports management goals, and parity exists within an organization's pay bands.

### Why Conduct a Payroll/Pay Equity Audit?

Strategic organizations undertake proactive audits as part of good management practices. With the goal of avoiding litigation and involuntary audits, the proactive audit is recommended on a periodic basis and especially in 2020 due to the significant changes in compensation laws. Benefits may include:

- **Recruiting and Retention:** Conducting regular audits demonstrates to employees and recruits that compensation is actively reviewed to ensure parity in role, tenure, and protected status.
- **Litigation Avoidance:** Providing crucial evidence in defending or avoiding equal pay claims before costly discovery occurs in the litigation process.
- **Transparency and Market Comparison:** Providing insight into market expectations and demonstrating to current employees that the grass is definitely not greener across the street.
- **Brand and Culture:** Protecting an organization's brand and culture by demonstrating that all employees are respected and fairly compensated.
- **Attorney/Client Confidentiality:** Allowing outside counsel to conduct the audit ensures your audit results remain confidential.

While the goals and expectations are custom to each client, the rewards increase morale, recruiting effectiveness, employee retention, and minimize litigation. Each benefit has a positive effect on an organization's bottom line.