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Office of the President
February 20, 2025

Members, Audit and Compliance Committee:

AMENDMENT TO UNIVERSITY OF KENTUCKY INTERNAL AUDIT'S
FY 2024-25 WORK PRIORITIES

Recommendation: that the Audit and Compliance Committee amend the University of Kentucky Internal Audit's (UKIA) FY 2024-25 Work Priorities to include non-exempt overtime compensation (NOC).

Background: The Fair Labor Standards Act (FLSA) is a federal law that establishes standards for overtime pay, minimum wage, child labor and recordkeeping. UKIA's NOC repetitive audits specifically assess adherence to the FLSA's overtime provisions, which require employees who are not exempt from overtime compensation to be paid 1.5 times their regular rate for hours worked beyond 40 in a work week. In addition to overtime compensation, these reviews evaluate compliance with state laws regarding breaks and lunches.

Non-compliance with federal and/or state law may result in back pay to employees, monetary fines and employee lawsuits.

UKIA's planned activity includes a series of repetitive audits to evaluate NOC practices across the enterprise, data analytics to proactively identify anomalies, consultations to communicate trends and training to educate the University community on NOC compliance. The proposed recommendation will ensure that UKIA's Work Priorities adequately reflect the work being done to mitigate risk to the University.

Action taken: Approved Disapproved Other _____