

**Date:** [Insert Date]

**To:** [Insert Name of Recipient/Department Head]

**From:** [Insert Name of Sender/HR Department]

**Subject:** ADVISORY: FLSA Classification Review and Potential Misclassification Risk

Dear [Insert Name],

This letter serves as an official advisory regarding the classification status of the following position(s) under the Fair Labor Standards Act (FLSA):

**Position Title(s):** [Insert Job Title(s)]

Based on a recent internal audit of job duties and compensation structures, we have identified a potential risk of misclassification regarding the "Exempt" vs. "Non-Exempt" status of these roles. Under FLSA guidelines, employees must meet specific salary thresholds and "primary duty" tests to be legally excluded from overtime pay requirements.

**Summary of Risk Factors:**

- [Factor 1: e.g., Salary level falls below the current Department of Labor threshold.]
- [Factor 2: e.g., Job duties do not meet the criteria for Executive, Administrative, or Professional exemptions.]
- [Factor 3: e.g., High volume of hours worked without corresponding overtime compensation.]

**Potential Liabilities:**

Failure to properly classify employees can result in significant legal and financial consequences, including:

- Back pay for unpaid overtime (up to 3 years).
- Liquidated damages (double the amount of back pay).
- Civil money penalties and legal fees.
- Department of Labor (DOL) audits.

**Recommended Actions:**

1. Conduct a formal job analysis to document current daily tasks.
2. Reclassify the position(s) to Non-Exempt status if the exemption criteria are not met.
3. Implement time-tracking procedures for affected employees immediately.
4. Review budget allocations for potential overtime costs or salary adjustments.

Please contact the [Human Resources/Legal] department by [Insert Date] to schedule a formal review meeting to mitigate these risks.

Sincerely,

[Your Name]  
[Your Title]  
[Company Name]