COMPLIANCE AUDIT | JURISDICTION: TEXAS | VERSION 2026.1

Texas Payday Compliance Audit

A self-audit against the Texas Payday Law: pay frequency, posted paydays, final pay, deductions, commissions, and wage statements.

WHAT THIS HELPS YOU DO

Use this audit to test your payroll practices against the Texas Payday Law before an employee's wage claim tests them for you — frequency, notice, final pay, deductions, and the commission agreements everyone stopped reading.

WHEN TO USE THIS DOCUMENT

- Annually, as a standing payroll self-audit
- After any TWC wage claim — win or lose
- When taking over payroll from a predecessor
- Before changing pay schedules, deduction practices, or commission plans
- When 'that's how we've always paid people' is the only documentation

WHAT THIS DOCUMENT HELPS PREVENT

- TWC wage claims with administrative penalties on top
- Semi-monthly schedules quietly unlawful for nonexempt staff
- Final pay deadline violations at every separation
- Deduction practices with no written authorization behind them
- Commission disputes decided by whoever wrote nothing down

Faulkner HR Solutions focuses on the system behind the people problem. This tool is designed to help employers slow down the decision, identify the risk, and create proof before the issue becomes a claim, complaint, turnover event, or credibility problem.

BEFORE YOU START: READINESS CHECKLIST

Gather the following before working through this document. Incomplete inputs are one of the most common reasons employer decisions fail under later scrutiny.

Have it	Input	Notes / location
☐	Employee name and role	
☐	Date of incident, request, or separation	

Have it	Input	Notes / location
☐	Supervisor involved	
☐	Policy or handbook section that applies	
☐	Prior documentation on file	
☐	Pay records, if applicable	
☐	Relevant emails, texts, notes, or complaints	
☐	Decision-maker name	
☐	Deadline, if applicable	

PAYDAY LAW SELF-AUDIT

The Texas Payday Law governs when, how, and how much employees must be paid — and TWC enforces it claim by claim. Audit each section against actual practice, not against what the handbook says should happen.

Section 1 — Pay Frequency

Pass	Frequency rule	Findings
☐	Nonexempt (FLSA) employees paid at least SEMI-MONTHLY	
☐	Exempt employees paid at least monthly	
☐	Paydays fall on regular, designated days	
☐	Semi-monthly periods divide the month as nearly equally as possible	
☐	When payday falls on a non-workday, payment practice is consistent	

Section 2 — Payday Notice and Posting

Pass	Notice rule	Findings
☐	Paydays conspicuously posted in the workplace (the commonly-missed poster)	
☐	If no designation exists, the default (1st and 15th) is understood to apply	
☐	Pay schedule changes communicated in advance, in writing	
☐	New hires told their pay schedule at hire	

Section 3 — Payment Method and Wage Statements

Pass	Method rule	Findings
☐	Payment in U.S. currency, check negotiable on demand, or direct deposit/payroll card with proper employee authorization	
☐	Each payday includes an earnings statement: pay rate, hours/units, gross, each deduction, net	
☐	Payroll card fees don't erode wages below what is owed	
☐	Unclaimed final checks handled and escheated properly	

Section 4 — Final Pay

Pass	Final pay rule	Findings
☐	Involuntary separations paid within 6 calendar days of discharge	
☐	Voluntary separations paid by the next regularly scheduled payday	
☐	Separation classification documented per separation (see Separation Classification Worksheet)	
☐	PTO payout follows the written policy — checked against the last five separations	
☐	Final-pay processing has a named owner and calendar, not a hope	

Section 5 — Deductions

Pass	Deduction rule	Findings
☐	Every non-statutory deduction has a court order, legal basis, or the employee's WRITTEN authorization for a lawful purpose	
☐	Authorization forms on file and retrievable (test-pull three)	
☐	No deductions for breakage, shortages, or walkouts without authorization — and none below minimum wage for employer-benefit items	
☐	Payroll deduction codes reconciled against authorizations annually	

Section 6 — Commissions and Bonuses

Pass	Commission/bonus rule	Findings
☐	Commission agreements in writing: rate, when 'earned,' when paid, what happens at separation	
☐	Post-separation commissions handled per the written agreement — not per mood	
☐	Bonuses promised in writing paid per those terms (TWC enforces promised bonuses as wages)	
☐	Draws against commission documented, with reconciliation rules	
☐	Any 'forfeiture at separation' language reviewed for enforceability	

Section 7 — Claim Response Readiness

Who receives TWC wage claim notices (mail routing verified)	
Response owner and backup	

Where pay records live and how fast a full history can be pulled	
Record retention: payroll records kept at least 4 years (TWC claims can reach back)	

Role	Name / signature	Date
Audited by		
Reviewed by		
Corrective actions owner		

STOP AND REVIEW BEFORE ACTING

If any statement below is true, pause. Get the decision reviewed by HR, counsel, or Faulkner HR Solutions before you act.

- ☐ Nonexempt employees are paid monthly.
- ☐ No payday notice is posted anywhere.
- ☐ A recent final check went out on 'the next payroll run' after a firing.
- ☐ Deductions are happening that no signed form supports.
- ☐ A separated salesperson is asking about commissions and the agreement is verbal.
- ☐ The audit found the same violation the last wage claim already flagged.

MINIMUM DOCUMENTATION STANDARD

Before this file is closed, the employer should be able to answer every question below and point to where the proof lives.

Question	Your answer / where the proof is stored
What happened?	
When did it happen?	
Who observed or reported it?	
What policy, standard, deadline, or expectation applies?	
What decision was made?	

Question	Your answer / where the proof is stored
Who had authority to make the decision?	
What alternatives were considered?	
What risk was reviewed?	
What follow-up is required?	
Where is the proof stored?	

COMMON MISTAKES

1. Paying everyone monthly because it's administratively easier — unlawful for nonexempt employees in Texas.
2. Forgetting the payday posting requirement entirely.
3. Treating the 6-day final pay rule as 'next payroll run.'
4. Deducting first and finding authorization later.
5. Leaving commission terms verbal until the salesperson leaves.
6. Ignoring a lost wage claim's lesson and keeping the same practice.

WHAT TO DO NEXT

Convert every 'fail' into a corrective action with an owner and date. Fix frequency and posting immediately (they're cheap), rebuild deduction authorizations with the Wage Deduction Form Pack, and put commission agreements in writing before the next separation makes it urgent. Calendar the audit annually.

Before you terminate, deduct, discipline, classify, or respond, get the decision reviewed.
Call 210.446.8730 or email thomas@faulknerhrsolutions.info.

Before you process payroll, terminate, classify, deduct, or respond to a claim, get the decision reviewed.

Need help applying this to a real workplace decision?

Faulkner HR Solutions helps Texas employers, nonprofits, municipalities, and growing businesses fix the people systems behind recurring workplace problems.

If this document raised a risk flag, do not guess your way through the next step.

Call: **210.446.8730**
Email: thomas@faulknerhrsolutions.info
Website: faulknerhrsolutions.info

DISCLAIMER

This resource is provided for general employer education and planning purposes. It is not legal advice and does not create an attorney-client relationship. Employment laws, agency guidance, and local requirements may change. Employers should review the facts of each situation before acting and consult appropriate HR or legal counsel when needed.