

# Aviation Staffing Firm Audit Checklist

## Section 1

This form is designed to help you evaluate aviation staffing firms for compliance, quality, and risk management. Don't just ask questions, **verify and document proof**. Retain the completed form as evidence of due diligence.

| Audit Item                                                                            | Verified?                                                   | Proof Source Examined | Notes / Follow-up |
|---------------------------------------------------------------------------------------|-------------------------------------------------------------|-----------------------|-------------------|
| <b>Regulatory Compliance</b>                                                          |                                                             |                       |                   |
| DOT-compliant drug & alcohol testing program maintained                               | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| Documentation of required testing (pre-employment, random, etc.)                      | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| Records current, secure, and audit-ready                                              | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| FAA Anti-Drug & Alcohol Program registration obtained                                 | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| Latest FAA audit of Anti-Drug & Alcohol Program reviewed                              | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| <b>Worker Classification &amp; Payroll Practices</b>                                  |                                                             |                       |                   |
| Correct employee vs. contractor classification                                        | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| Accurate timekeeping system in place                                                  | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| State labor law compliance (breaks, OT, leave)                                        | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| HIPAA/FLSA-compliant payroll practices                                                | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| Timely and accurate W-2/1099 issuance                                                 | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| <b>Contracting Practices</b>                                                          |                                                             |                       |                   |
| Written B2B contracts provided and reviewed                                           | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| Contracts include indemnification & compliance clauses                                | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| Contract states staffing firm is <b>employer of record</b> (pay, HR, taxes, benefits) | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| Contract states client directs <b>maintenance/ops work only</b> (FAA compliance)      | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| <b>Hiring &amp; Onboarding</b>                                                        |                                                             |                       |                   |
| Written offer letters issued to all employees                                         | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| Employee handbooks provided and acknowledged                                          | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| Worker Authorization Letter provided for safety-sensitive roles                       | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| Co-employment prevention measures confirmed                                           | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |

| Audit Item                                                             | Verified?                                                   | Proof Source Examined | Notes / Follow-up |
|------------------------------------------------------------------------|-------------------------------------------------------------|-----------------------|-------------------|
| <b>Candidate Screening &amp; Qualification</b>                         |                                                             |                       |                   |
| FAA certifications verified (A&P, IA, Airman, etc.)                    | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| FAA background check/drug testing audit trail maintained               | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| Technical ability and cultural fit assessments are performed           | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| References / employment verifications are performed                    | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| <b>Insurance &amp; Risk Mitigation</b>                                 |                                                             |                       |                   |
| Aviation General Liability coverage confirmed                          | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| Workers Compensation statutory limits confirmed                        | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| Aviation Products Liability coverage confirmed                         | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| Hangarkeepers coverage confirmed (occurrence policy, no tail required) | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| Certificates of Insurance reviewed                                     | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| <b>Employee Support &amp; Retention</b>                                |                                                             |                       |                   |
| Employee Assistance Program (EAP) in place                             | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| Hotline access available to all employees                              | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| <b>Recordkeeping &amp; Audit Readiness</b>                             |                                                             |                       |                   |
| Comprehensive compliance records maintained                            | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| Secure storage & confidentiality policies followed                     | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |
| Documentation available for audits                                     | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | _____                 | _____             |

Completed by: \_\_\_\_\_ / Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## Section 2 – The Cost of Getting It Wrong

Even large companies have been held liable for staffing partner failures. Here are three real-world cases proving why due diligence matters.

### Risk Spotlight 1: Walmart Cleaning Crews: *Co-Employment Liability*

In 2005, Walmart paid \$11 million after contractors hired undocumented workers to clean stores. Walmart managers directed and supervised the crews, creating a co-employment relationship.

➡ **Lesson:** Even if the staffing firm breaks the law, clients can still be held jointly liable.

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### **Risk Spotlight 2: FedEx Ground Drivers: *Misclassification Liability***

FedEx Ground classified thousands of drivers as independent contractors. Courts ruled FedEx controlled their work, making them employees. In 2015, FedEx settled for \$228 million with California drivers.

➡ **Lesson:** Misclassification by a staffing partner can expose clients to lawsuits and penalties.

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### **Risk Spotlight 3: Aviation Cases: *You Can't Outsource Liability***

#### **Case A: Alaska Airlines, Contractor Maintenance Failures**

Contractors mis-wired a relay, used unapproved chemicals, and assigned unqualified mechanics. FAA held **Alaska Airlines liable** because carriers have unconditional responsibility for airworthiness, even when outsourcing.

➡ **Lesson:** FAA holds the certificate holder accountable if contractors cut corners.

#### **Case B: Printz v. STS Aviation & Frontier Airlines (DOL ARB, 2004)**

A mechanic employed by **STS Aviation** alleged retaliation after raising safety concerns while working on Frontier aircraft. Frontier argued he wasn't their employee. The DOL ruled airlines can be liable under AIR21 even without a direct employer-employee relationship.

➡ **Lesson:** Liability can flow through from contractor employees to the carrier. Outsourcing doesn't shield responsibility.

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✅ **Bottom Line:** You can outsource staffing but not liability. Regulators and courts consistently hold client companies accountable.

#### **Reliance Aerotech Services Difference:**

This work product was created by Team Reliance. We integrate compliance into every process from FAA-required Worker Authorization Letters, to aviation-specific liability insurance, to Employee Assistance Programs so our clients operate with confidence. Detailed source citations for the case studies above are available upon request.