HR Compliance Audit Checklist

*This document has been designed as a tool to monitor your small business’ HR compliance with* federal labor laws. Best practice recommendations and links to additional information are provided to reduce your HR risk.

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| **HR**  **Compliance** | **Verify these items...** | **Issues & Next Steps** |
| **Posters**  Required by DOL & States | Mandatory postings are visible in a common area, such as employee break room or lobby.  Refer to [federal labor laws](https://fitsmallbusiness.com/federal-labor-laws/). |  |
| **Personnel Files**  Required by multiple agencies | Employee files are created, stored in a secure location and contain all required forms.  Refer to [personnel file checklist](https://fitsmallbusiness.com/personnel-file/). |  |
| **Policies**  Required by multiple agencies | Required policies are documented, stored in the employee handbook and communicated to employees annually and upon hire.  Refer to [employee handbook essentials](https://fitsmallbusiness.com/employee-handbook-sample/). |  |
| **HR**  **Compliance** | **Verify these processes and forms...** | **Issues & Next Steps** |
| **Recruiting** | Job application forms, interview and selection |  |
| Required by EEOC, ADA, and  other agencies | process are non-discriminatory. Applications, selection notes and rejection reasons are documented.  State new-hire reporting completed on time. |
|  | Refer to [how to hire](https://fitsmallbusiness.com/how-to-hire-employees/). |
|  | **Optional -- Best Practice:** |
|  | Pre-employment screening in place. |

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| **Onboarding**  Required by EEOC, FLSA,  ADA and other agencies | Hiring documents stored in employee files.  -9 forms completed and maintained separately. Employee contact information available.  Refer to [new employee orientation](https://fitsmallbusiness.com/new-employee-orientation/). |  |
| **Payroll**  Required by DOL, EEOC, FLSA, IRS,  States and other agencies | Employee classifications correct. Equal pay for equivalent jobs.  State payroll rules adhered to (minimum wage, payroll cycles, overtime rules, paystub requirements, final paychecks)  Workers’ compensation in insurance provided. Federal & state taxes paid on time.  **Optional -- Best Practice:**  Employee self-service access to timesheets, pay stubs and year-end tax forms.  Refer to [payroll process setup](https://fitsmallbusiness.com/how-to-set-up-payroll-checklist/). |  |
| **Benefits**  Required by ACA and FMLA | Sick leave accruals and benefits documented and adhered to (required by some states).  FMLA process documented and adhered to (required if over 50 employees)  ACA-compliant health care offered (required if over 50 FTE)  Refer to [state sick leave laws](https://fitsmallbusiness.com/paid-state-sick-leave-laws/).  **Optional -- Best Practice:**  Vacation and holiday pay offered and accrued. |  |

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| **People Management** | Sexual harassment addressed promptly. Discrimination prevented.  OSHA safety requirements adhered to. Workplace accommodations as needed.  At will employment doctrine communicated.  **Optional -- Best Practice:**  Performance reviews documented and fair. Employee discipline process documented. Annual anti-discrimination/anti-harassment training provided. |  |
| **Termination** | Termination rationale documented. Final paychecks provided on time.  COBRA offered (if health insurance provided). Refer to [how to fire an employee](https://fitsmallbusiness.com/how-to-fire-an-employee/). |  |
| **Document Retention** | Job applications destroyed after 3 years I-9 forms destroyed after 3 years Payroll files maintained for 4-5 years  Retirement & 401(k) files maintained for 6 years Terminated employee files maintained for 7 years  Refer to [document retention](https://fitsmallbusiness.com/payroll-records/). |  |

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*As state and local labor laws may be more restrictive, and compliance needs vary by industry* and size, please refer to state and local labor law requirements. Then, modify the checklist based on your organization’s size, industry, and location.

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