

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.

| HR Compliance | Verify these items... | Issues & Next Steps |
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| 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 . | |
| 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 . | |
| 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 . | |
| HR Compliance | Verify these processes and forms... | Issues & Next Steps |
| Recruiting Required by EEOC, ADA, and other agencies | Job application forms, interview and selection process are non-discriminatory. Applications, selection notes and rejection reasons are documented. State new-hire reporting completed on time. Refer to how to hire . Optional -- Best Practice: Pre-employment screening in place. | |

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| <p>Onboarding</p> <p>Required by EEOC, FLSA, ADA and other agencies</p> | <p>Hiring documents stored in employee files. -9 forms completed and maintained separately. Employee contact information available.</p> <p>Refer to new employee orientation.</p> | |
| <p>Payroll</p> <p>Required by DOL, EEOC, FLSA, IRS, States and other agencies</p> | <p>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.</p> <p>Optional -- Best Practice:</p> <p>Employee self-service access to timesheets, pay stubs and year-end tax forms.</p> <p>Refer to payroll process setup.</p> | |
| <p>Benefits</p> <p>Required by ACA and FMLA</p> | <p>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)</p> <p>Refer to state sick leave laws.</p> <p>Optional -- Best Practice:</p> <p>Vacation and holiday pay offered and accrued.</p> | |

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| People Management | <p>Sexual harassment addressed promptly. Discrimination prevented. OSHA safety requirements adhered to. Workplace accommodations as needed. At will employment doctrine communicated.</p> <p>Optional -- Best Practice:</p> <p>Performance reviews documented and fair. Employee discipline process documented. Annual anti-discrimination/anti-harassment training provided.</p> | |
| Termination | <p>Termination rationale documented. Final paychecks provided on time. COBRA offered (if health insurance provided).</p> <p>Refer to how to fire an employee.</p> | |
| Document Retention | <p>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</p> <p>Refer to document retention.</p> | |

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.