

# ***HR Compliance Audit Checklist India***

## **1. EMPLOYMENT AND CONTRACT COMPLIANCE**

### **1.1 Employment Contracts**

- ☐ All employment contracts are in writing and properly executed
- ☐ Contracts contain mandatory clauses as per applicable laws
- ☐ Probation periods comply with legal limits (typically 3-6 months)
- ☐ Notice periods are clearly defined and legally compliant
- ☐ Job descriptions and roles are clearly specified
- ☐ Salary structure breakdown is transparent and documented
- ☐ Termination clauses comply with Industrial Disputes Act provisions

### **Post-Incorporation (within 180 days)**

- ☐ All employees have valid appointment letters
- ☐ Letters contain essential terms and conditions of employment
- ☐ Salary components are clearly mentioned
- ☐ Reporting structure is defined
- ☐ Work location and department are specified

## 2. STATUTORY REGISTRATIONS AND LICENSES

### 2.1 Central Government Registrations

- ☐ **EPF Registration** – Employees' Provident Fund Organisation
- ☐ **ESIC Registration** – Employees' State Insurance Corporation
- ☐ **Professional Tax Registration** (State-specific)
- ☐ **Labour License** under Contract Labour Act (if applicable)
- ☐ **Factory License** (for manufacturing units)

### 2.2 State Government Registrations

- ☐ Secretarial Compliance Certificate – If required under Companies Act
- ☐ Shops and Establishments Act Registration
- ☐ Minimum Wages Act Registration
- ☐ Maternity Benefit Act Registration
- ☐ Payment of Gratuity Act Registration
- ☐ State Professional Tax Registration
- ☐ Annual Compliance Certificate – Under various labor laws
- ☐ Environmental Compliance Certificate – If applicable to business

## 3. WAGE AND SALARY COMPLIANCE

### 3.1 Minimum Wages Act, 1948

- ☐ Wages meet or exceed minimum wage rates for respective categories
- ☐ Regular monitoring of minimum wage notifications
- ☐ Proper classification of skilled, semi-skilled, and unskilled workers
- ☐ Overtime calculations comply with legal requirements
- ☐ Wage registers are maintained and updated



## 3.2 Payment of Wages Act, 1936

- ☐ Wages are paid within prescribed time limits (7th or 10th of following month)
- ☐ No unauthorized deductions from wages
- ☐ Wage slips are issued to all employees
- ☐ Proper maintenance of wage registers
- ☐ Fine deductions comply with legal limits (not exceeding 3% of wages)

## 3.3 Equal Remuneration Act, 1976

- ☐ No gender-based wage discrimination
- ☐ Equal pay for equal work policy implementation
- ☐ Regular review of compensation structures

# 4. WORKING HOURS AND OVERTIME

## 4.1 Factories Act, 1948 (for manufacturing)

- ☐ Maximum 48 hours per week working time
- ☐ Not more than 9 hours per day including overtime
- ☐ Proper rest intervals (minimum 30 minutes after 5 hours of work)
- ☐ Weekly holidays are provided
- ☐ Overtime rates comply with legal requirements (double the ordinary rate)



## 4.2 Shops and Establishments Act (State-wise)

- ☐ Working hours comply with state-specific regulations
- ☐ Maximum spread over period is maintained
- ☐ Rest days and holidays are provided as per state laws
- ☐ Opening and closing hours comply with local regulations

## 5. LEAVE AND BENEFITS COMPLIANCE

### 5.1 Annual Leave

- ☐ Earned leave provision as per Factories Act/Shops & Establishments Act
- ☐ Minimum 21 days annual leave for adults (Factories Act)
- ☐ Leave encashment policies are legally compliant
- ☐ Leave records are properly maintained

### 5.2 Maternity Benefits

- ☐ Maternity Benefit Act, 2017 compliance
- ☐ 26 weeks paid maternity leave for women employees
- ☐ Adoptive and commissioning mothers' leave provisions
- ☐ Work from home provisions during maternity period
- ☐ Crèche facilities (for establishments with 50+ employees)

### 5.3 Casual and Sick Leave

- ☐ Adequate provision for casual leave
- ☐ Sick leave policies comply with local regulations
- ☐ Medical certificate requirements are defined

## 6. SOCIAL SECURITY COMPLIANCE

### 6.1 Employees' Provident Fund (EPF)

- ☐ EPF registration for eligible employees (salary  $\leq$  ₹15,000 or voluntary)
- ☐ Monthly PF contributions (12% employee + 12% employer)
- ☐ Timely deposit of PF contributions (15th of following month)  
PF returns filed monthly (ECR filing)
- ☐ Annual returns filed (Form 6A)  
PF withdrawal and settlement processes are compliant

### 6.2 Employees' State Insurance (ESI)

- ☐ ESI registration for eligible employees (salary  $\leq$  ₹25,000)
- ☐ Monthly ESI contributions (0.75% employee + 3.25% employer)
- ☐ Timely deposit of ESI contributions
- ☐ Monthly returns filed with ESIC
- ☐ Medical benefits provided to covered employees

### 6.3 Professional Tax

- ☐ Professional tax deduction and deposit as per state rates
- ☐ Monthly returns filed with state authorities
- ☐ Professional tax certificates obtained annually

## 7. GRATUITY AND BONUS COMPLIANCE

### 7.1 Payment of Gratuity Act, 1972 ST Compliance

- ☐ Gratuity provision for employees completing 5+ years
- ☐ Gratuity calculation formula compliance (15 days wages for each year)
- ☐ Gratuity fund maintenance or insurance coverage
- ☐ Gratuity nominations obtained from employees
- ☐ Annual returns filed with controlling authority

### 7.2 Payment of Bonus Act, 1965

- ☐ Annual bonus payment (minimum 8.33% of salary)
- ☐ Bonus calculations comply with legal formula
- ☐ Bonus payment within 8 months of accounting year end
- ☐ Proper allocation formula for bonus calculation

## 8. HEALTH, SAFETY, AND WELFARE

### 8.1 Workplace Safety

- ☐ Safety committee formation (for 20+ employees in manufacturing)
- ☐ Safety training programs conducted
- ☐ First aid facilities available
- ☐ Fire safety measures implemented
- ☐ Safety equipment provided where required



## 8.2 Sexual Harassment Prevention

- ☐ Sexual Harassment Act, 2013 compliance
- ☐ Internal Complaints Committee (ICC) formed
- ☐ Annual report filed with District Officer
- ☐ Policy display and awareness programs conducted
- ☐ Complaint redressal mechanism in place

## 8.3 Employee Welfare

- ☐ Drinking water facilities available
- ☐ Adequate toilet and washing facilities
- ☐ Rest rooms and lunch rooms (where applicable)
- ☐ Canteen facilities (for 250+ employees)

# 9. INDUSTRIAL RELATIONS COMPLIANCE

## 9.1 Industrial Disputes Act, 1947

- ☐ Proper termination procedures followed
- ☐ Standing orders notified and displayed (for 100+ employees)
- ☐ Disciplinary action procedures comply with natural justice
- ☐ Retrenchment procedures follow legal requirements
- ☐ Industrial dispute resolution mechanisms in place

## 9.2 Trade Unions Act, 1926

- ☐ Trade union recognition processes (if applicable)
- ☐ Collective bargaining agreements compliance
- ☐ Union-related statutory obligations met

## 10. CONTRACT LABOUR COMPLIANCE

### 10.1 Contract Labour Act, 1970

- ☐ Principal employer license obtained
- ☐ Contractor registration verified
- ☐ Wage parity maintained with regular employees
- ☐ Statutory benefits provided to contract workers
- ☐ Proper records and registers maintained
- ☐ Annual returns filed with Labour department

## 11. DOCUMENTATION AND RECORD KEEPING

### 11.1 Statutory Registers and Records

- ☐ Muster Roll - Daily attendance record
- ☐ Wage Register - Detailed wage records
- ☐ Overtime Register - Overtime hours and payments
- ☐ Leave Record - All types of leave availed
- ☐ Form 16 - Annual tax deduction certificates
- ☐ Employment Record - Joining, promotion, transfer details

### 11.2 Compliance Certificates

- ☐ Annual compliance certificates for all applicable acts
- ☐ Professional tax certificates
- ☐ Factory license renewals (where applicable)
- ☐ Contractor license renewals



## 12. TAX COMPLIANCE

### 12.1 Income Tax Compliance

- ☐ TDS deduction and deposit (salary, professional fees, etc.)
- ☐ Monthly TDS returns filing
- ☐ Annual TDS certificates (Form 16) issued to employees
- ☐ Tax computation and planning compliance

### 12.2 Goods and Services Tax (GST)

- ☐ GST implications on employee benefits assessed
- ☐ Input tax credit optimization on employee-related expenses

## 13. NEW LABOUR CODES PREPARATION

### 13.1 Upcoming Compliance Requirements

- ☐ Wage Code, 2019 – Preparation for implementation
- ☐ Industrial Relations Code, 2020 – Policy updates required
- ☐ Social Security Code, 2020 – New registration requirements
- ☐ Occupational Safety Code, 2020 – Enhanced safety measures

## 14. AUDIT DOCUMENTATION

### 14.1 Audit Trail

- ☐ Document all compliance gaps identified
- ☐ Prepare remedial action plans with timelines
- ☐ Assign responsibility for compliance implementation
- ☐ Schedule regular compliance review meetings
- ☐ Maintain audit reports and follow-up documents



## 14.2 Risk Assessment

- ☐ Identify high-risk compliance areas
- ☐ Assess financial implications of non-compliance
- ☐ Prioritize compliance actions based on risk levels
- ☐ Establish preventive measures for future compliance

