

Your Ultimate HR Compliance Checklist

Every year, your company's processes and practices must stay compliant with federal and state laws. Unfortunately, it's easy to put compliance checkups on the back burner while there are pressing projects and daily tasks to focus on.

However, ensuring your HR department and your business is fully compliant should always be on your to-do list. If not, you may be subject to significant penalties, lawsuits or other negative consequences. The easiest way to ensure your business is compliant is to conduct an HR audit, for which you need a checklist of important issues to cover.

We've put together the most critical HR compliance issues for various areas of your HR department. Use this list to ensure you're meeting all the requirements.

Hiring/Recruiting

From the moment a potential candidate views a job advertisement you are at risk for compliance problems. Review your entire hiring/recruiting process for possible issues.

- Internal job descriptions and job advertisements are [ADA compliant](#)
- Application forms are compliant with federal/state laws and contain no prohibited questions or statements
- The proper authorization is collected before conducting background or credit checks
- Drug testing policies and procedures comply with applicable federal and state laws
- Interviews contain no discriminatory questions or language based on religion, race, gender, etc.
- Interviews have a standard list of questions to be asked, without deviation between candidates



- In job offer letters, it is clearly stated whether the job is at-will or contracted
- New employees complete I-9 forms within 3 business days of their first day of work for pay
- Dress code policies (and the consequences for violating them) are clearly laid out and available to employees and candidates

Compensation

Pay is one of the most complex and crucial aspects of HR compliance. Careful and frequent audits are required to ensure employees are being compensated correctly and fairly.

- All pay practices are in accordance with the [Fair Labor Standards Act](#) and applicable state laws
- Employees are correctly classified as exempt or non-exempt
- Independently contracted employees are correctly classified
- Pay periods are scheduled regularly based on state or federal payment timing requirements
- Incentive programs contain no discriminatory language or requirements
- Merit raises are based on work-related duties, achievements, and goals only; objectives and requirements are clearly laid out
- Overtime policies are clearly stated and in accordance with state and federal laws

Benefits

From the types of insurance coverage you offer to maternity leave and telecommuting, carefully review your benefits for potential problem areas.

- Medical, eye, vision, dental, and/or retirement plans meet requirements for federal and state laws
- Benefit plans and options are communicated to employees; employees are quickly notified of any changes to plans
- Benefits are reported on and filed in accordance with requirements
- Regardless of changing policies, employees are given regular notices of continuing health care coverage
- [COBRA](#) policies are followed in regard to loss of health coverage; employees are given adequate notice for loss of coverage
- All benefits like paid vacation, sick leave, holiday pay, working from home and flex time are frequently reviewed and compliant with federal and state regulations

Performance Management

Employee feedback practices are more important than ever. Once-a-year reviews are headed out in favor of more frequent, less-formal reviews. However, with more reviews comes more risk for compliance issues.

- For all employees, job purpose, duties and responsibilities are clearly communicated
- The frequency and purpose of employee performance reviews is clearly communicated to all employees



- Reviews are conducted on a regular basis, at least once a year
- Performance reviews are fair and conducted in the same way for all employees, regardless of gender, race, religion, etc.
- Performance and merit raises are based on job-related and fact-based feedback only
- Reviews and overall performance are properly documented and filed

Termination/Offboarding

When an employee leaves your company, whether by choice or not, compliance ensures you will not be leaving your company open to lawsuits.

- All employee performance issues (including discipline warnings, investigations, disciplinary actions, etc.) are carefully documented
- Policies for termination are explicitly defined and communicated to employees
- All disciplinary policies are enforced fairly among employees
- Terminated and departing employees are given a summary of accrued benefits and if applicable, compensation for vacation or sick time
- Terminated employees are informed of policies regarding continued health coverage, 401(k) plans and severance pay
- Final paychecks are delivered on time
- Remaining employees are given clear instructions on chain-of-command changes, added responsibilities, etc.



A full HR audit takes a lot of time and manpower to complete. Even a smaller audit on just one area of HR will take a serious commitment of time and resources to execute. However, keeping up on compliance in regard to federal and states laws will keep your company safe from lawsuits, unhappy employees and fines. If you need help keeping it all together, ClearCompany's [complete Talent Management system](#) makes it easy to document and review everything you need to perform a full HR audit.

Please note: *This is not an official checklist and may not include everything your specific organization needs to stay compliant.*