

HR AUDIT CHECKLIST

Employee Leave & Attendance Management Compliance India 2025

JZ Payroll Outsourcing & Contract Staffing

Professional HR Compliance Solutions

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www.contractstaffinghub.com | Delhi-based | Pan-India Services

15+ Years Experience in HR Compliance

PAGE 1: POLICY COMPLIANCE & STATUTORY REQUIREMENTS

A. LEAVE POLICY FRAMEWORK

✓ Policy Documentation

- ☐ Written leave policy available and updated (within last 12 months)
- ☐ Policy covers all employee categories (permanent, contract, temporary)
- ☐ Multi-language policy availability where required
- ☐ Digital accessibility through employee portals
- ☐ Version control and change management documented

✓ Statutory Leave Types Compliance

- ☐ **Earned Leave:** 21-26 days annually (from date of joining)
- ☐ **Sick Leave:** 12-15 days annually with carry-forward provisions
- ☐ **Casual Leave:** 9-12 days annually (use or lose policy)
- ☐ **Maternity Leave:** 26 weeks as per Maternity Benefit Act 2017
- ☐ **Paternity Leave:** 10-15 days (industry standard implemented)

✓ Accrual & Calculation Methods

- ☐ Monthly accrual system implemented (1.75 days/month for EL)
- ☐ Pro-rata calculations for mid-year joiners
- ☐ Carry-forward limits defined (30-45 days maximum for EL)
- ☐ Encashment policies clearly documented
- ☐ Leave liability calculations accurate and updated

B. REGULATORY COMPLIANCE

☒ Labour Law Adherence

- ☐ **Factories Act 1948:** Leave with wages provisions implemented
- ☐ **Shops & Establishments Act:** Weekly rest day and annual leave compliance
- ☐ **Contract Labour Act:** Equal benefits for contract employees
- ☐ **Maternity Benefit Act 2017:** 26 weeks paid leave provisions
- ☐ **State-specific regulations:** Local labor law compliance verified

☒ Documentation Requirements

- ☐ Leave registers maintained (digital/physical)
- ☐ Employee-wise leave records updated
- ☐ Medical certificates filed for sick leave
- ☐ Approval workflows documented with electronic signatures
- ☐ Statutory compliance certificates current

☒ Multi-location Compliance

- ☐ State-specific labor law variations addressed
- ☐ Location-wise policy customization implemented
- ☐ Centralized monitoring with local compliance
- ☐ Regular legal updates incorporated
- ☐ Local authority registrations current

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PAGE 2: SYSTEM INTEGRATION & OPERATIONAL EFFICIENCY

C. TECHNOLOGY & SYSTEM INTEGRATION

✅ Leave Management System Features

- ☐ Cloud-based HRMS with mobile applications
- ☐ Real-time leave balance visibility for employees
- ☐ Automated approval workflows configured
- ☐ Manager dashboards with team leave overview
- ☐ Self-service portals operational

✅ Attendance Integration

- ☐ Biometric attendance system integrated with leave management
- ☐ Mobile check-in capabilities for remote employees
- ☐ Geo-fencing for field team attendance tracking
- ☐ Automatic half-day calculations based on hours worked
- ☐ Grace period management configured

✅ Payroll Integration

- ☐ Seamless data flow between leave and payroll systems
- ☐ Automated leave impact on salary calculations
- ☐ Leave encashment processing integrated
- ☐ Overtime to compensatory leave conversion
- ☐ Monthly payroll reconciliation automated

D. PROCESS EFFICIENCY METRICS

☒ **Performance Indicators**

- ☐ **Leave Utilization Rate:** 75-85% optimal range achieved
- ☐ **Application Processing Time:** <48 hours target met
- ☐ **Employee Satisfaction Score:** >4.0/5.0 rating maintained
- ☐ **System Uptime:** >99.5% availability ensured
- ☐ **Compliance Score:** 100% statutory adherence maintained

☒ **Manager Training & Empowerment**

- ☐ Manager training on leave policies completed
- ☐ Dashboard utilization training provided
- ☐ Exception handling procedures documented
- ☐ Escalation matrix clearly defined
- ☐ Regular refresher training scheduled

☒ **Employee Experience**

- ☐ User-friendly application process implemented
- ☐ Mobile accessibility ensured
- ☐ Notification systems operational
- ☐ Help desk support available
- ☐ Regular feedback collection mechanism

E. AUDIT CONTROLS & MONITORING☒ **Internal Controls**

- ☐ Segregation of duties in approval process
- ☐ Regular leave balance reconciliation
- ☐ Exception reporting mechanisms
- ☐ Fraud detection protocols implemented
- ☐ Regular system access reviews

☒ **Compliance Monitoring**

- ☐ Automated compliance alerts configured
- ☐ Monthly compliance reports generated
- ☐ External audit readiness maintained
- ☐ Corrective action tracking system
- ☐ Continuous improvement process documented

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PAGE 3: ADVANCED COMPLIANCE & RISK MANAGEMENT

F. FINANCIAL CONTROLS & RISK MANAGEMENT

✓ Leave Liability Management

- ☐ Accurate leave liability calculations maintained
- ☐ Quarterly leave liability assessments conducted
- ☐ Budget impact analysis performed
- ☐ Carry-forward limit monitoring implemented
- ☐ Encashment budget allocations adequate

✓ Risk Assessment Framework

- ☐ Leave abuse detection mechanisms operational
- ☐ Pattern analysis for systematic absenteeism
- ☐ Medical leave verification protocols
- ☐ Emergency leave provision procedures
- ☐ Business continuity planning for high leave periods

✓ Contract Employee Compliance

- ☐ Principal employer responsibilities defined
- ☐ Contractor compliance monitoring
- ☐ Proportionate leave benefit calculations
- ☐ Documentation sharing protocols
- ☐ Regular contractor audit schedules

G. EMERGING COMPLIANCE REQUIREMENTS

☒ **Digital Transformation Readiness**

- ☐ Electronic record maintenance systems
- ☐ Digital signature implementations
- ☐ Cloud data security protocols
- ☐ API integration capabilities