



DIY HR Compliance Checklist for Small Businesses

Avoid Costly Fines and Lawsuits



Is your US-based small business legally compliant?

Many US-based small businesses unknowingly violate labor laws, leading to hefty fines, lawsuits, and reputational damage. Use this step-by-step HR compliance checklist to identify risks, correct issues, and protect your business.

INSTRUCTIONS

- Review each section and check off items that are in place.
- For any unchecked items, take immediate action to ensure compliance.
- Need help? Consult experts like Bloom & Beacon HR™ to fix gaps before they become costly mistakes.



1. Hiring & Employee Classification Compliance

☐ Job Descriptions Are Legally Compliant

- Avoid discriminatory language (e.g., age, gender, disability).
- Clearly outline job duties and requirements.

☐ Employee Classification is Correct (W-2 vs. 1099 Contractors)

- Ensure employees meet IRS and DOL guidelines for W-2 vs. 1099 classification.
- Misclassification can lead to back taxes, penalties, and lawsuits.

☐ I-9 and E-Verify Compliance

- Ensure all employees complete Form I-9 within 3 days of hire.
- Maintain records for at least 3 years (or 1 year after termination).

☐ Background Checks Follow Fair Credit Reporting Act (FCRA) Guidelines

- Obtain written consent before running a background check.
- Provide adverse action notices if rejecting a candidate based on a background check.

☐ Offer Letters and Employment Agreements Are in Writing

- Clearly state at-will employment status (if applicable).
- Include compensation, benefits, job expectations, and company policies.



2. Wage & Hour Compliance



Minimum Wage Compliance

- Ensure pay meets federal, state, and local minimum wage laws.



Overtime Rules Follow FLSA Guidelines

- Non-exempt employees receive 1.5x pay for hours over 40/week.
- Verify correct classification of exempt vs. non-exempt employees.



Accurate Timekeeping System in Place

- Employees must track work hours (including remote work).



Final Paycheck Laws Follow State Guidelines

- Some states require final wages immediately upon termination.



3. Workplace Policies & Employee Rights



Employee Handbook is Up-to-Date & Signed by Employees

- Covers anti-harassment, discrimination, safety, and conduct policies.
- Outlines benefits, leave policies, and workplace expectations.



Harassment & Discrimination Prevention Policies Are in Place

- Include a zero-tolerance policy for workplace harassment.
- Train employees and managers on EEOC (Equal Employment Opportunity Commission) requirements.



Workers' Compensation Insurance is Active

- Required in most states, even for small businesses.



Workplace Safety Standards Meet OSHA Regulations

- Required safety postings are displayed.
- Emergency action plans are in place.



Whistleblower Protections Are Clearly Communicated

- Employees can report violations without retaliation.



4. Payroll & Benefits Compliance



Payroll Taxes (Federal, State, Local) Are Paid on Time

- Includes Social Security, Medicare, Unemployment Insurance.



Employees Receive Proper Pay Stubs with Deductions

- Required in many states.



Paid & Unpaid Leave Policies Follow FMLA & Local Laws

- Federal Family and Medical Leave Act (FMLA) applies to businesses with 50+ employees.
- Some states require paid sick leave (check state laws).



Health Insurance Compliance (if applicable)

- Businesses with 50+ employees must offer Affordable Care Act (ACA)-compliant health plans.



5. Termination & Record-Keeping Compliance



Proper Termination Procedures Followed

- Ensure terminations are documented and legally compliant.
- Conduct exit interviews to reduce legal risks.



Final Paychecks and Benefits Notices Follow State Laws

- Some states require payout of unused vacation time.



Personnel Records Are Stored Securely

- Keep records for at least 3 years after termination.
- Securely dispose of records when no longer needed.



COBRA & Benefits Continuation Compliance (if applicable)

- Employers with 20+ employees must offer COBRA coverage.

DISCLAIMER: Please note that the information provided in this document is for general informational purposes only and should not be considered legal advice. Laws and regulations vary by state, and it is recommended that you consult the specific laws applicable in your jurisdiction. Additionally, we strongly advise seeking guidance from a qualified legal professional for any legal concerns. Bloom & Beacon HR™ does not provide legal counsel.



What If You're Not Fully Compliant?



Missing any of these? You could be at risk of lawsuits, fines, and employee disputes.



Need Help? Book a FREE 30 MINUTE HR Consultation with Bloom & Beacon HR®! Our experts can assess your compliance risks and save you thousands in potential fines.

SCHEDULE HERE!



DISCLAIMER: Please note that the information provided in this document is for general informational purposes only and should not be considered legal advice. Laws and regulations vary by state, and it is recommended that you consult the specific laws applicable in your jurisdiction. Additionally, we strongly advise seeking guidance from a qualified legal professional for any legal concerns. Bloom & Beacon HR® does not provide legal counsel.