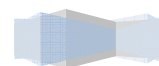


Time office (HR Department)

Following points needs to be considered while audit of personnel Department (Time office):-

- 1.** Under the Constitution of India, Labour is a subject in the Concurrent List where both the Central & State Governments are competent to enact legislation subject to certain matters being reserved for the Centre.
- 2.** An Auditor should observed that how many laws relating to labours are applicable on company among following laws:-
 - 1) The Employees' State Insurance Act, 1948
 - 2) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952
 - 3) The Mines Act, 1952
 - 4) The Child Labour (Prohibition and Regulation) Act, 1986.
 - 5) The Contract Labour (Regulation and Abolition) Act, 1970.
 - 6) The Equal Remuneration Act, 1976.
 - 7) The Industrial Disputes Act, 1947.
 - 8) The Industrial Employment (Standing Orders) Act, 1946.
 - 9) The Maternity Benefit Act, 1961
 - 10) The Minimum Wages Act, 1948
 - 11) The Payment of Bonus Act, 1965
 - 12) The Payment of Gratuity Act, 1972
 - 13) The Payment of Wages Act, 1936
 - 14) The Apprentices Act, 1961
 - 15) Unorganized Workers Social Security Act, 2008
 - 16) The Employers' Liability Act, 1938
 - 17) The Factories Act, 1948
 - 18) The Plantation Labour Act, 1951
 - 19) The Trade Unions Act, 1926
 - 20) The Employees' Compensation Act, 1923



Time office (HR Department)

3. All the required registers and documents as per above applicable acts is maintained.
4. Various challan are paid on time (I.e. Challan for PF has to be paid by 15th of next month and challan for ESI has to be paid by 20th of next month.
5. All legal Provisions applicable are complied with.

6. Attendance:-

- Daily attendance is taken either in morning or evening in attendance register.
- Separate register is maintained for daily workers & staff on Probation.
- This register is checked and signed by two Executive (i.e. by HR Executive and Unit head)
- Gate pass register is maintained. Entries relating to visitors are made in the register and at the end of the day it is verified by one authority.

7. Salary and Wages Procedure :-

Check for -

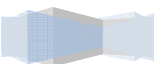
- Pay – Scale and salary structure of the labour & Stuff.
- Calculations relating to allowances, deductions, perquisites etc. according to the provisions.
- Overtime and Idle time working.
- Salary payment by 10th of next month.
- Proper working of salary sheet and authorization thereon.

8. Leave Procedure:-

- Various leave taken by employees are classified in Paid, Casual, Sick and are allowed as per the HR Policy.

9. Termination/Resignation:-

- Proper notice or salary in lie there of before resignation/termination as per HR Policy.



Time office (HR Department)

10. Employee Recreational Policy:-

- After Completion of 18 months of services, Promotion or hike in salary on the basis of performance appraisal and as per management decision.
- Bonus amount would be calculated/decided depending upon the employee performance and at the discretion of management.
- A suggestion or a complaint box is kept and it is the responsibility of the HR department to check the same and reporting of the same to the unit head.

11. Reimbursement of Expenses:-

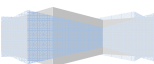
- Expenses are reimbursed to the employee incurred for official purposes as per the decision of management committee.

12. Interview:-

- Check that interview is taken by a committee appointed for the purpose, comprised of minimum three members –
 - One Functional head - Respective Department Head.
 - One Higher official - Unit head.
 - One HR manager/Executive.
- A Proper form provided by the HR Executive is dully filled by the candidates.
- The interview is conducted at unit level for first phase and the short listed candidates are interviewed by the higher management for final phase.
- Offer letter is given to the selected candidates within 2 days for their acceptance.
- Appointment letter is given within 3 days of joining along with terms, conditions and a complete code of conduct.

13. Following points needs to checked:-

- Ensure that gross pay paid is in accordance with contract of employment.
- Payments are made for time spent in the office/factory.
- Payroll calculations are correct.



Time office (HR Department)

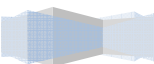
- Statutory deductions and other deductions are properly made and paid over to the concerned authorities.
- Payments to contractors are verified in respect of actual attendance in company premises.
- Check advance payments given to workers.
- Verifying the recording of wages/salaries.

14. Labour Contractors:-

- Read all the provisions of the contract agreement in respect of maximum number of laborers required, payment terms etc.
- Check attendance record maintained by the contractor with that of time office.
- Check whether requisition slips for casual labour (i.e. extra labour) are authorized.
- Surprise Check the physical attendance of laborers in the company with that of attendance record at time office.
- Check whether wages/overtime wages/other allowances are paid as per agreement
- Checks whether any other deductions like canteen, leave etc. are made as per the provisions of the contract.

15. General Points:-

- Check the wages unpaid account. It is a account in which unpaid wages and salary belongs to workers and employees transferred when no payment is taken by them.
- Check when TDS provisions applicable to any employee then TDS should be deducted and paid on the amount due to them.



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- Many persons come from outside the company for providing their services hence check proper records maintained in relation to them, whether separate register is maintained in company to record the attendance of them.

Thanks.

