



MID-YEAR HR COMPLIANCE CHECKLIST FOR SMBS



Compliance issues rarely appear overnight. Instead, they build quietly in the background. A mid-year review gives you the perfect opportunity to identify payroll inconsistencies, documentation gaps, and policy risks before they turn into costly penalties at year-end.

Use this practical payroll compliance checklist and HR guide to strengthen your systems, protect your growing business, and ensure a smooth second half of the year.

Payroll Accuracy Review

Accurate payroll keeps your team happy and your business compliant. Use this mid-year checkpoint to verify your numbers and processes.

- Verify wage rates:** Confirm that all employee pay rates meet current state and federal minimum wage requirements.
- Audit overtime calculations:** Check your time-tracking systems to ensure non-exempt employees receive accurate overtime pay.
- Review recent legislation:** Check recent payroll rules and regulations for any updates that impact your state or local jurisdiction.
- Check tax withholdings:** Confirm that all payroll tax guidelines are being strictly followed to prevent year-end discrepancies.
- Assess processing efficiency:** Implement payroll best practices to reduce processing times and eliminate manual data entry errors.

Employee Classification Check

Misclassifying your workforce is one of the most common corporate compliance issues. Take time to ensure every worker is categorized correctly.

- Audit contractor agreements:** Review all 1099 independent contractor relationships to ensure they meet strict legal definitions and are not actually employees.
- Check exempt vs. non-exempt status:** Verify that salaried employees genuinely meet the requirements for overtime exemption based on their actual daily duties.
- Update job descriptions:** Ensure that every role has an accurate, up-to-date description that reflects the current expectations of the position.
- Confirm benefits eligibility:** Verify that part-time and full-time classifications perfectly align with your company's benefits administration rules.

Documentation Audit

Proper record-keeping is your best defense against potential compliance disputes. Ensure your files are organized, complete, and highly secure.

- Review I-9 forms:** Ensure every active employee has a completed, legally compliant I-9 form on file.
- Evaluate data security:** Review your company's data security policies to guarantee that sensitive employee information is stored safely and confidentially.
- Check data handling:** Ensure your data classification policy clearly dictates how personnel files should be accessed, shared, and archived.
- Audit personnel files:** Confirm that required documents, such as performance reviews, disciplinary records, and signed handbook acknowledgments, are present in every file.

HR Policy Review

The business landscape is constantly evolving. Your internal policies must adapt to stay compliant and effectively support your team.

- Update your employee handbook:** Integrate recent HR compliance best practices and new state laws into your official company handbook.
- Clarify reporting procedures:** Ensure your team has a safe, anonymous way to report workplace grievances or compliance violations.
- Review remote work guidelines:** Update expectations regarding telecommuting, equipment usage, and remote time-tracking.
- Assess your HR technology:** Evaluate your current systems to determine if choosing the right HR software could better streamline your daily HR tasks and reduce operational costs.

Need help checking these boxes?

SolveHR seamlessly integrates into your team, offering the necessary expertise, services, and tools to manage your employees. From onboarding to payroll and compliance, we provide cost-effective solutions that empower your business growth. Contact us today to transform how you manage your team.