



HOW TO PREPARE YOUR COMPANY FOR A LABOUR INSPECTION

An inspection by the Portuguese Authority for Working Conditions (Autoridade para as Condições do Trabalho – ACT) should not be viewed merely as a reactive event to be dealt with when an inspector visits the company or when a request for documentation is received.

In practice, many difficulties could be avoided if companies regularly maintained their employment documentation in an organised manner and ensured that it accurately reflected their day-to-day employment practices.

Companies that keep their employment records organised, up to date and aligned with the reality of their operations are generally better prepared to respond to any labour inspection. More than an administrative requirement, this is a sound management practice that reduces legal

risk and strengthens the organisation's compliance framework.

PREPARATION BEGINS BEFORE THE INSPECTION

Preparing a company for a potential ACT inspection means ensuring that its internal procedures comply with Portuguese labour law and that its documentation accurately reflects the way work is actually performed.

This preparation begins with the way the company recruits employees, organises working time, records working hours, manages annual leave, documents contractual amendments, handles sick leave, complies with occupational health and safety obligations and communicates internally with its workforce.

Having documentation is not enough. It is equally important to ensure that such documentation is legally compliant and accurately reflects the company's day-to-day operations.

A formally compliant employment contract may prove insufficient if the employee's actual duties differ from those described in the contract, if the working hours in practice do not correspond to those officially declared, or if the employee's professional category does not accurately reflect the work being performed.

Likewise, internal policies, holiday records, overtime registers and occupational health and safety documentation must not only exist but also be kept up to date and applied consistently throughout the organisation.

DOCUMENTARY CONSISTENCY REDUCES RISK

Employment-related risks may arise not only from the absence of mandatory documentation but also from outdated, incomplete or inaccurate records that no longer reflect the company's actual practices.

Common examples include fixed-term employment contracts that lack adequate justification, the absence of codes of conduct or internal procedures for preventing and addressing workplace harassment, the lack of transparent criteria for career progression or remuneration, and unjustified pay differences between employees performing the same or equivalent duties.

For this reason, labour compliance involves more than simply maintaining documentation. It requires consistency between what has been formally documented and what actually takes place within the organisation.

During a labour inspection, that consistency can make a significant difference.

AREAS REQUIRING PARTICULAR ATTENTION

During an inspection, ACT may request a wide range of documents relating to the employment relationship.

Companies should know exactly where employment contracts, amendments, payroll records, working time schedules, working time records, annual leave documentation, insurance policies, occupational health records, mandatory training records, relevant communications and any other legally required documentation are kept.

It is equally important to designate, in advance, those responsible for managing the inspection process and providing accurate and timely information to the labour inspectors.

Certain areas require particular attention.

Fixed-term employment contracts must include a clear and specific justification for their limited duration rather than merely reproducing the wording of the law. Likewise, service agreements should be carefully reviewed, particularly where there are indicators of economic dependence, fixed working hours, subordination or integration into the company's organisational structure.

Similarly, arrangements relating to exemption from working time limits, overtime work, working time banks, changes of duties, professional categories and variable remuneration should be properly documented and legally supported.

Issues relating to workplace harassment, equal pay, occupational health and safety and working time organisation have also become increasingly important. The existence of codes of conduct, internal reporting and investigation procedures, transparent remuneration criteria and consistent internal practices is becoming an essential means of demonstrating that the company operates in an organised manner and complies with its legal obligations.

HOW TO RESPOND DURING AN INSPECTION

When facing a labour inspection, the company's approach should be cooperative, organised and carefully considered.

It is important to understand the purpose of the inspection, identify the requested documentation, respond within the applicable deadlines and avoid incomplete or premature replies.

Where sensitive matters are involved—such as disciplinary proceedings, termination of employment contracts, workplace accidents, internal whistleblowing reports or potential administrative offences—the company's response should be prepared with particular care. The way in which the facts are presented, the documentation compiled and the

explanations provided may have a significant impact on the outcome of the inspection process.

PREVENTION REMAINS THE BEST STRATEGY

A preventive approach often enables companies to identify weaknesses before they develop into legal or regulatory issues.

Periodic employment law audits can help identify outdated contracts, informal practices, record-keeping deficiencies, inconsistencies between employees' actual duties and their contractual classifications, missing mandatory documentation or unclear internal procedures.

ACT should not be viewed solely as an authority that intervenes when problems arise. Its role also serves as a reminder of the importance of maintaining a well-organised employment framework supported by appropriate documentation and compliant with applicable legal requirements.

FINAL REMARKS

Rather than preparing merely to respond to ACT, companies should prepare their organisations to operate in compliance with employment law on a daily basis.

The best way to prepare for a labour inspection is through prevention: understanding the applicable legal obligations, keeping employment documentation up to date, ensuring consistency between actual practices and formal records, and handling sensitive

employment decisions with the level of care they require.

In employment matters, organisation and consistency are key. When a company can clearly demonstrate, through accurate documentation and well-established procedures, how it operates, it significantly reduces the risks associated with a labour

inspection and strengthens the legal certainty of its decisions.

Where a genuine culture of compliance exists, a labour inspection ceases to be a cause for concern and becomes simply an opportunity to demonstrate that the organisation meets its legal obligations.

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