

LT in Focus

Revised approach to state and municipal control (supervision) in Russia. New procedure for auditing compliance with labour law

Russian Government Instruction No. 559-r of 1 April 2016 approved the road map designed to improve the system of state control and supervision in the Russian Federation in 2016-2017 (hereinafter, the "Road Map"). The actions proposed by the Road Map are primarily aimed at enhancing the performance and efficiency of the regulatory authorities by implementing a risk-based approach.

The implementation of the Road Map in 2016 is expected to result in the development and further submission to the Russian State Duma of the Federal Law "On Federal, Regional and Municipal Control in the Russian Federation".

Risk-based approach to state control and supervision

Risk factors

Information sources

Comments

Risk-based approach to state control and supervision

To date, a draft resolution has been prepared which proposes amendments to the terms of reference and administrative procedures applicable to certain supervisory authorities and provides the following:

- Rules for assigning business activities of legal entities and individual entrepreneurs to a certain risk category;
- Criteria for assigning business activities of legal entities and individual entrepreneurs to a certain risk category;
- Frequency of scheduled inspections;

- Types of state control (supervision) measures under which a risk-oriented approach will be applied starting from 2017¹, including federal state supervision over compliance with labour law and other regulations governing employment.

For the full text of the document, please follow the [link](#) (the e-portal of the Open Government dedicated to the reform of the Russian system for state and municipal control (supervision)).

New procedure for auditing compliance with labour law and other regulations governing employment involving a risk-based approach

¹ These also include federal state fire supervision, federal state sanitary and epidemiological supervision and federal state supervision in the field of communications.

Risk factors

For federal services to effectively exercise state supervision over compliance with the labour law, the government plans to use a complex rating methodology to help determine the level of risk of the violation of statutory requirements by an employer and assign it to one of six categories.

Specifically, the following factors will contribute to the final risk level valuation:

- Compliance/non-compliance with the requirement for special assessment of working conditions;
- Type of business activity;
- Average wages;
- Total number of staff employed by an entity, etc.

Once placed within a high-risk category, companies will be subject to more frequent audits. For more details, see the table below.

Risk category	Rating of the risk to the life and health of employees/risk of violation of other rights and legitimate interests of employees	Frequency of scheduled inspections
Extremely high	5.18 to 6.00	Once per calendar year
High	4.35 to 5.17	Every two years
Significant	3.52 to 4.34	Every three years
Medium	2.69 to 3.51	No more than every four years
Moderate	1.85 to 2.68	No more than every five years
Low	1.00 to 1.84	Not applicable

Information sources

Please note that the Federal Service for Labour and Employment will also take into account data available from other state and municipal authorities to perform the assessment. To ensure uninterrupted interdepartmental exchange of documents and information on legal entities and individual entrepreneurs, relevant amendments have been made to Federal Law No. 294-FZ "On the Protection of Rights of Legal Entities and Individual Entrepreneurs in the Exercise of State

Control (Supervision) and Municipal Control", which will take effect from 1 July 2016.

Following the assessment, a register of employers with a risk category assigned will be drawn up and published on the official website of the agency. Upon request, employers may be provided with a substantiation for the assignment of a specific risk category.

Comments

Please note that you have an opportunity to determine the risk category attributable to your organization right now and take all actions required to mitigate possible negative implications.

We hope that you will find the information presented in this publication useful. Our specialists are ready to answer any questions you may have regarding the topic presented.

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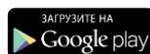
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