

Here's a practical, end-to-end guide line to conduct a legally sound domestic (departmental) inquiry, with the key legal hooks you can rely on.

1) What law applies?

For private-sector the process is set out in the **Industrial & Commercial Employment (Standing Orders) Ordinance, 1968** particularly **Standing Order 15 (Punishments & Misconduct)**. After the 18th Amendment, provinces have adopted their own versions (text is materially similar).

2) When must you hold a domestic inquiry?

If you seek to impose a **major penalty** (e.g., dismissal, reduction to a lower post, or withholding of increment/promotion up to one year), you must follow the inquiry steps in **Standing Order 15(4)**. For **minor offences** (e.g., late coming, improper behavior, absents etc.) you may reprimand or fine per the Payment of Wages Act rules, but do still document due process.

3) What counts as “misconduct”?

Standing Order **15 (3)** The following acts and omissions shall be treated as **misconduct**: -

- (a) **willful insubordination or disobedience, whether alone or in combination with others**, to any lawful and reasonable order of a superior;
- (b) **theft, fraud, or dishonesty** in connection with the employer's business or property;(c) **willful damage to or loss** of employer's goods or property
- (d) **taking or giving bribes or any illegal gratification**
- (e) **habitual absence** without leaves or absence without leave for **more than ten days**;
- (f) habitual **late** attendance;
- (g) habitual **breach of any law** applicable to the establishment;

- (h) **riotous** or disorderly behavior during working hours at the establishment or any act **subversive of discipline**.
- (i) habitual **negligence or neglect** of work
- (j) **frequent repetition** of any act or omission referred to in clause (1);
- (k) **striking work or inciting** others to strike in contravention of the provisions of any law, or rule having the force of law;
- (l) **go-slow**

4) Mandatory timelines & worker rights

1. **One-month charge-sheet window:** You **cannot dismiss** unless the worker is **informed in writing** of the alleged misconduct **within one month** of the date of misconduct or of its coming to the employer's notice. (SO 15 (4)).
2. **Right to explain:** The worker must be **given an opportunity to explain** the circumstances (a written reply within a period of 7 days and a hearing) (SO 15(4)).
3. **Right to assistance:** If the worker so desires, he **may nominate any co-worker** to assist and be present during inquiry; if held during duty hours, **no wage deduction** for his attendance. (SO 15(4)).
4. **Suspension pending inquiry:** Permissible **up to 4 days at a time**, with a **maximum of 4 weeks – 28 days**). **Suspension order must be in writing and is effective on delivery**. During suspension, the worker is **paid the same wages as if not suspended**. (SO 15(5), as amended).
5. **Means of delivery of charge-sheet:**
 - Workman is to be informed about alleged misconduct within a month of its occurrence or knowledge by employer and **notice in writing** be given to workman, or through **last known postal address** if workman is not available. In instant case notices through **press should also given**

5) Step-by-step procedures (compliant with SO 15 & natural justice)

1. **Fact-finding & preservation of evidence**

- Secure documents, CCTV, device logs, attendance records, statements, etc.

2. **Suspension order (optional)**

- If presence risks interference or safety, issue written **suspension** (see limits above). Mention wages during suspension and the proposed inquiry.

3. **Charge-sheet / Show-cause notice** (serve within the 1-month window)

- Facts: date / time / place; specific acts; how they violate Standing Order **15(3)** and any company rules.
- Evidence list: documents, witnesses, exhibits.
- Ask for **written reply** by a reasonable deadline (within 7 days)
- Inform of **right to nominate a co-worker** as assistant.

4. **Appoint an impartial Inquiry Officer (IO) / Board of Inquiry**

- If written reply is found unsatisfactory then issue written appointment / terms for Inquiry Officer / Board with a mandate to hold impartial and fact-finding inquiry. (Courts emphasize impartiality and due process.)
- Keeping in view the severity of the case, external inquiry officer can also be appointed at the employer's cost. This step is taken to ensure the impartiality of the proceedings of the fact-finding inquiry without the pressure of employer and concerned employee.

5. **Inquiry notice & schedule**

- **Powers of Inquiry Officer:** Just like Civil Court, Inquiry Officer / Board has the following powers:
 - Summoning and enforcing the attendance of any person and examining him.
 - Requiring the discovery and production of documents and receiving evidence on affidavits
 - Issuing commissions for the examination of witnesses or document's
 - IO / Board issues formal **hearing notice** with date/time/venue; confirms accused's assistant; allows reasonable time to prepare.

6. Conduct of hearings

- **Attendance:** It is mandatory to mark the attendance of all available persons in the court of inquiry and the sheet must be signed by all of them.
- **Signatures on proceedings:** Since the inquiry proceedings remain continue for days, sometimes for months therefore, all proceedings must be initiated and every page must be signed by both parties and inquiry officer as well.
- **Management's case first:** produce documents and witnesses by the Management Representative; allow **cross-examination** by the worker / assistant.
- **Worker's defense:** written / oral statement; defense witnesses and documents; management can cross-examine.
- Keep **verbatim-style minutes**, have attendees sign; mark exhibits.
- Adjourn only with reason; avoid undue delay (courts scrutinize delays). (All rooted in SO 15(4)'s "opportunity to explain" and jurisprudential natural-justice standards.)

7. Reasoned inquiry report

- IO summarizes charges, issues, evidence, credibility findings, and **clear findings on each article of charge** on a **balance of probabilities** standard.
- Attach exhibits and attendance sheets; note if any party defaulted after proper notice.

8. Decision by the competent authority

- The **employer's approval is required in every case of dismissal** (SO 15(4)).
- Consider **proportionality**: gravity, past record, consistency. Choose penalty under **SO 15(2)**:
 - **fine** (as per Payment of Wages Act limits), not more than 3 % of wages
 - **withholding of increment / promotion** for a period not more than one year,
 - **reduction to a lower post**, or
 - **dismissal without payment in lieu of notice**.

9. Penalty order & communication

- **Written order** stating the **proved charges**, the **penalty**, and the **statutory basis** (SO 15). Serve it; acknowledge receipt.

10. Post-order rights & forum

- Disputes go to the **Labor Court under the Provincial Industrial Relations Act** (e.g., **PIRA 2010** in Punjab), which can examine the legality of the inquiry and the proportionality of punishment.

6) Documents you should prepare (and keep on file)

1. Charge-sheet / show-cause (with the one-month compliance noted) citing **SO 15(4)** & **15(3)** heads.
2. Suspension order (if used) citing **SO 15(5)**.
3. IO appointment letter & hearing notices.
4. Attendance sheets, statements, marked exhibits, minutes.
5. Reasoned **Inquiry Report**.
6. Final **Penalty Order** citing **SO 15(2)** (and SO 12/13/14 as applicable).

7) Common legal pitfalls (and how to avoid them)

1. **Late charge-sheet** (beyond 1 month of knowledge) → can vitiate dismissal. Always **record the “date of knowledge.”** (SO 15(4)).
2. **No real opportunity to defend** (no cross-exam, no access to documents, rushed timelines) → inquiry set aside for violating natural justice.
3. **Biased IO** (complainant or witness acting as IO) → taints the process. Appoint a neutral IO.
4. **Over-penalization** for a first, minor lapse → courts look for proportionality and past record.
5. **Non-payment during suspension** → unlawful; pay **the same wages** as if not suspended.
6. **Assistance right ignored** → inquiry can be faulted; always allow a co-worker assistant if requested. (SO 15(4)).

8) Do's and Don'ts of Inquiry

Do's:

1. Examination of witness may be recorded in narrative format.
2. Cross examination of witness may be recorded in question-and-answer format.
3. If Inquiry Officer desires to visit any place, location necessary to arrive at the proper findings, it must be done in the presence of delinquent and his objections and views may be recorded in writing.
4. The delinquent has the right to obtain the copy of the inquiry proceedings by the order of the court
5. Every page of inquiry proceeding must be signed by Inquiry Officer, the delinquent employee and his assistant, if the option is opted, Management representative and emp
6. If the delinquent employee does not appear in the inquiry proceedings and remains absent, an ex-parte decision may be announced.

Don'ts:

1. Inquiry Officer cannot take oath from delinquent employee before the start of inquiry proceeding
2. Inquiry Officer must be a senior person in grade / designation to the delinquent. A junior person to the delinquent cannot be appointed as an Inquiry Officer.
3. A witness cannot be appointed as an Inquiry Officer
4. Inquiry Officer may not cross examine any witness, but can ask questions for his clarification and understanding.
5. Do not record the proceeding of the Inquiry in the language which the delinquent employee does not understand. Inquiry proceedings must be carried out in a language of that particular province / or in national language.
6. No time frame has been fixed to complete the inquiry proceedings but it must be completed as early as possible.
7. Do not discuss or make part of any allegation on the part of delinquent employee which is not part of Charge Sheet.

Is “second show-cause” or sharing the IO report is mandatory?

Standing Order 15(4) itself requires **written charge** and **opportunity to explain**; it **does not expressly require** a second show-cause after the IO report or mandatory supply of the report, unless your rules / settlement say so. Pakistani commentary notes courts have upheld inquiries without a second show-cause **where core natural-justice rights were met**. Good practice, however, is to **share the gist or report** and invite a brief response before deciding, to reduce litigation risk.

Quick templates (what to include)

1. **Charge-sheet:** parties; employment details; precise allegations mapped to **SO 15(3)** heads; evidence list; right to reply in X days; right to nominate a co-worker; proposed IO/hearing date; service proof.
2. **Suspension order:** statutory basis **SO 15(5)**; period (not more than 4 days at a time, and not more than 7 times I total, maximum 28 days only); wages during suspension; date effecting.
3. **Inquiry Report:** issues framed; summary of prosecution & defense evidence; findings on each charge with reasons; recommendation on penalty (optional); annexures (exhibits, attendance, notices).
4. **Final Order:** brief facts; reliance on SO 15; which charge(s) proved; penalty chosen under **SO 15(2)** and reasons (including past record); date from which effective; dues/clearance instructions; forum for challenge.

Annex – A - SHOW CAUSE NOTICE

(Under Standing Order 15 of the Industrial & Commercial Employment (Standing Orders) Ordinance, 1968, as applicable in Punjab)

Ref. No. HR/2024/27

23rd August 2024

Mr. ABC

Sr. Technician – Maintenance Department

Employee No. 1537

XYZ Technical Industry

Kot Addu – Muzaffargarh

Subject: Show Cause Notice for Misconduct

Dear Mr. ABC,

It has been reported by the Security Officer on duty at the **main gate of the factory** on **20th August 2024** that you were allegedly involved in **stealing copper coil belonging to the Company**, while leaving for home after the shift B at 11.15 p.m. The recovered copper coil from you is in the safe custody of gate office.

The act of theft, on your part amounts to gross **misconduct** under **Standing Order 15(3)(a) & 15(3)(b)** of the Industrial & Commercial Employment (Standing Orders) Ordinance, 1968, which includes “*theft, fraud, dishonesty in connection with the employer’s business or property*” and “*willful disobedience of lawful or reasonable orders of a superior*”.

You are, therefore, hereby **called upon to show cause in writing within seven days of the receipt of this notice** as to why strict disciplinary action should not be taken against you under the law and the Standing Orders.

If you fail to submit your written reply within the stipulated time frame, it will be presumed that you have no explanation to offer, and further action will be taken ex party in accordance with the provisions of the law.

Sincerely,

Factory Manager

Copy to:

General Manager HR
Manager Maintenance
Personal File

Annex – B - SUSPENSION ORDER - Optional

(Under Standing Order 15(5) of the Industrial & Commercial Employment (Standing Orders) Ordinance, 1968, as applicable in Punjab)

Ref. No. HR/2024/28

23rd August 2024

Mr. ABC

Sr. Technician – Maintenance Department

Employee No. 1537

XYZ Technical Industry

Kot Addu – Muzaffargarh

Subject: Suspension Order

Dear Mr. ABC,

Whereas, it has been reported by the security staff that on **20th August 2024**, you were allegedly involved in **stealing copper belonging to the Company at the main gate of the factory**, which constitutes *misconduct* under **Standing Order 15(3)(a) & (b)** of the Standing Orders Ordinance, 1968.

And whereas disciplinary proceedings are being initiated against you; Now, therefore, in exercise of the powers conferred under **Standing Order 15(5)**, you are hereby placed under **suspension with effect from 23rd August 2024** for a period of four days, subject to extension in accordance with the provisions of Standing Orders 1968.

During the period of suspension, you will be entitled to receive **the same wages and benefits as if you had not been suspended**, in accordance with law. You are required to remain available at gate office and mark your attendance regularly.

Sincerely,

Factory Manager

Copy to:

General Manager HR
Manager Maintenance
Personal File

Annex – C - INQUIRY NOTICE

(Under Standing Order 15(4) of the Industrial & Commercial Employment (Standing Orders) Ordinance, 1968, as applicable in Punjab)

Ref. No. HR/2024/29

3rd September 2024

Mr. ABC

Sr. Technician – Maintenance Department

Employee No. 1537

XYZ Technical Industry

Kot Addu – Muzaffargarh

Subject: Domestic Inquiry against Alleged Misconduct

Dear Mr. ABC,

With reference to the **Show Cause Notice Ref. No. HR/2024/27 dated 23rd August 2025** and **Suspension Order Ref. No. HR/2024/28 of the same date**, the Management has received and considered your reply and same has been found unsatisfactory therefore, the Management has decided to conduct an independent and fact-finding inquiry. Mr. _____ has been appointed an **Inquiry Officer** to conduct a domestic inquiry into the charges of alleged misconduct against you, namely:

- That on **20th August 2024**, at the **main gate of the factory**, you were allegedly involved in **stealing copper belonging to the Company**, which, if proved, amounts to *misconduct* under **Standing Order 15(3)(a) & (b)** of the Industrial & Commercial Employment (Standing Orders) Ordinance, 1968.

Accordingly, you are hereby directed to **appear before the Inquiry Officer, Mr _____, Sr. Manager – Audit and Corporate Services, at HR Conference Room, Factory Admin Block, on 9th September 2024 at 11:00 A.M.**

You can bring all documents; record and any evidence you have with you in your defense.

You are entitled to:

1. Be assisted by a **co-worker of your choice** during the inquiry proceedings, as per **Standing Order 15(4) proviso**.
2. Cross-examine management's witnesses.
3. Present your own witnesses and documents in defense.

You are therefore, advised to attend the inquiry on the above-mentioned date and time. In case you fail to appear before the Inquiry Officer, without sufficient cause, the inquiry will proceed **ex parte** and findings will be recorded on the basis of the available evidence.

Factory Manager

Copy to:

General Manager HR
Manager Maintenance
Personal File

Annex – D - INQUIRY REPORT

(Under Standing Order 15 of the Industrial & Commercial Employment (Standing Orders) Ordinance, 1968, as applicable in Punjab)

Ref. No. Inquiry Report / 2024/01

Dated: 5th of October 2024

Case Title: Domestic Inquiry against:

Mr. ABC

Sr. Technician – Maintenance Department

Employee No. 1537

XYZ Technical Industry

Kot Addu – Muzaffargarh

Date of Alleged Misconduct: 20th August 2024

Date of Show Cause Notice: Ref. HR/2024/27, 23rd August 2024

Date of Suspension Order: Ref. No. HR/2024/28, 23rd August 2024

Date of Inquiry Notice: Ref. No. HR/2024/29, 3rd September 2024

Date(s) of Inquiry Proceedings: 9th September, 2024, 17th September, 2024,
24th September, 2024, 30th September, 2024

Inquiry Officer: Mr. _____, Sr. Manager – Audit and Corporate Services

1. Reference

This inquiry has been conducted pursuant to the Show Cause Notice No. Ref. HR/2024/27, 23rd August 2024 and the order of suspension Ref. No. Ref. HR/2024/28, 23rd August 2024, issued to Mr. ABC on account of alleged misconduct, under **Standing Order 15(3)(a) & (b)** (theft, fraud, dishonesty in connection with employer's property).

2. Charge(s) Framed

That on **20th August 2025**, at the **main gate of the factory**, the worker, Mr. ABC, was allegedly found by the security staff in the act of **stealing copper belonging to the Company**, which, if proved, amounts to misconduct under Standing Orders.

3. Proceedings Conducted

- The Inquiry Notice Ref. No. HR/2024/29, 3rd September 2024 was duly served upon the worker.
- The worker appeared and was given full opportunity to defend himself.
- He was informed of his right to be assisted by a co-worker. But he refused to avail the opportunity of co-worker.
- The following steps were taken:
 - Management presented its evidence and witnesses by its representative
 - Worker was allowed to cross-examine witnesses.
 - Worker was given opportunity to produce defense evidence and witnesses.
 - All proceedings were recorded and signed and are attached with the report.

4. Evidence on Record

a) Management Evidence:

- a. Security Report of duty officer
- b. Statements of witnesses, available at the gate office
- c. Video clip recorded by the CCTV camera
- d. Recovered material i.e copper coils

b) Defense Evidence:

- a. Copy of the written reply of the show cause notice

5. Findings

After careful consideration of the evidence produced, the following findings are recorded:

After examining the record, witnesses, and arguments of both sides, I make the following findings on the charge framed:

Charge: That on 20th August 2025, at the main gate of the factory, the worker, Mr. ABC, was involved in stealing copper belonging to the Company, which, amounts to misconduct under Standing Order 15(3)(a) & (b).

a) Evidence Presented by Management

1. **Security Staff Witnesses** – Mr. _____, Security Guard at main gate, testified that he observed Mr. ABC at approximately **11:45 p.m.** attempting to take out copper pieces concealed in a bag. He intercepted him and reported the matter to the Duty Officer.
2. **Duty Officer's Statement** – Mr. _____, Duty Officer, confirmed that the recovered material was identified as Company property (copper scrap) and recorded in the security incident register.
3. **Material Evidence** – The recovered copper weighing approximately **5 kg** was produced during inquiry proceedings, and its seizure was recorded in the incident logbook (Exhibit M-1).
4. **CCTV Footage** – The IT Department provided CCTV footage (Exhibit M-2) showing Mr. ABC carrying the said bag from the maintenance area towards the main gate and bag searching activity in the presence of witnesses.

b) Defense of the Worker

1. Mr. ABC admitted that he was carrying the bag but contended that the copper scrap was waste material which he intended to dispose of, and that he had no dishonest intent.
2. He produced no documentary evidence to establish permission or authority to remove the copper.
3. No co-worker was produced as a defense witness.

c) Evaluation of Evidence

- The testimony of the security staff was consistent and corroborated by contemporaneous entries in the incident register.
- The CCTV footage independently supports the version of the security staff.
- The defense plea of “waste disposal” was not substantiated by any written authorization or witness.
- On balance of probabilities, the evidence strongly indicates that the copper in Mr. ABC possession was Company property and was being removed without lawful authority.

d) Finding on the Charge

In view of the above, I find that the charge of **theft of Company property on 20th August 2025** has been **proved** against Mr. ABC. His conduct amounts to **misconduct** as defined in **Standing Order 15(3)(a) & (b)** (theft, fraud, dishonesty in connection with employer's property).

6. Conclusion

In view of the above findings, I conclude that the charge of **misconduct under Standing Order 15(3)(a) & (b)** is **established and he has found guilty of misconduct of stealing the company property.**

7. Recommendation (*Optional — if company policy allows*)

Since the theft of company property is a heinous crime and it has been established in the independent and fact-finding inquiry, therefore it is recommended that he may be dismissed from the employment with immediate effect without payment of salary against the notice period.

Submitted for kind approval of the CEO.

Prepared by:

Inquiry Officer

Sr. Manager – Audit and Corporate Service

Annex – E - FINAL PENALTY / DISMISSAL ORDER

(Under Standing Orders, 1968 — Punjab)

Ref. No. HR/2024/30,

12th October 2024

Mr. ABC

Sr. Technician – Maintenance Department

Employee No. 1537

XYZ Technical Industry

Kot Addu – Muzaffargarh

Subject: Order of Dismissal from Service on Grounds of Misconduct

Dear Mr. ABC,

Whereas you were served with a **Show Cause Notice dated 23rd August 2024** on charges of alleged misconduct;

And whereas you were placed under **suspension by order dated 23rd August 2024** pending inquiry;

And whereas a **domestic inquiry was conducted by Mr. _____, Inquiry Officer**, after due notice to you, during which you were provided with full opportunity to defend yourself, to cross-examine management witnesses, to produce your own witnesses, and to be assisted by a co-worker, in accordance with **Standing Order 15(4)**;

And whereas the **Inquiry Report Ref. No. Inquiry Report / 2024/0, Dated: 5th of October 2024** has found the charge of misconduct against you, that on **20th August 2024 at the main gate of the factory you were involved in stealing copper belonging to the Company** to be **proved**.

Now, therefore, after careful consideration of the Inquiry Report, the evidence on record, and your past service record, the **Competent Authority** is satisfied that you are guilty of misconduct within the meaning of **Standing Order 15(3)(a) & (b)** of the Industrial & Commercial Employment (Standing Orders) Ordinance, 1968.

Accordingly, you are hereby **dismissed from service with immediate effect**, under **Standing Order 15(2)(c)**.

Your final settlement of dues, if any, will be made in accordance with law after adjustment of liabilities outstanding against you. You are directed to hand over charge and return all Company property in your possession immediately and submit all departments clearance report, Form is attached for your reference.

This order is being issued with the approval of the Competent Authority as required under law.

Sincerely,

Factory Manager

Copy for information to:

General Manager HR and Admin.

Manager Maintenance

Personal File