

E-GUIDE

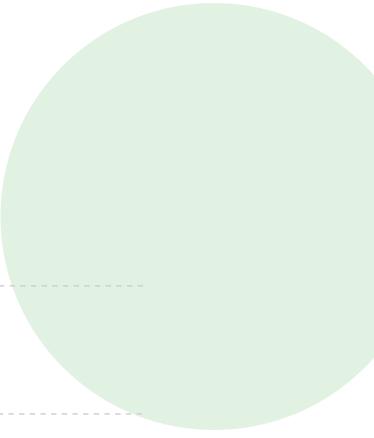
Employee timesheets – legal requirements

(Australia 2026)



Clear, Australian-focused guidance for SME owners and managers on timesheet laws, record-keeping obligations, and compliance risk.

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Executive summary

Disclaimer

This guide provides general information only and does not constitute legal, payroll, or workplace advice. Employment obligations may vary based on awards, agreements, and individual circumstances. For specific advice, refer to the Fair Work Ombudsman or a qualified professional.

Employee timesheets are a fundamental compliance requirement for Australian employers. Accurate timesheet records underpin payroll calculations, award compliance, and an employer's ability to defend pay practices during audits or disputes.

Despite their importance, timesheets remain one of the most common weak points in small business compliance. Many SMEs rely on informal, inconsistent, or incomplete timesheet practices that expose them to underpayment risk — even where employees are paid correctly.

Australian workplace laws place the burden of proof on employers.

If time records are missing or inaccurate, regulators may assume employee claims are correct.

This guide explains the legal requirements for employee timesheets in Australia and outlines practical steps SMEs can take to improve accuracy, consistency, and compliance.

Key findings

Our review of Australian enforcement trends highlights six key insights.



Timesheets are mandatory

Accurate time records are a legal requirement



Actual hours matter

Assumed or averaged hours are not compliant



Breaks are high risk

Unpaid breaks are frequently misrecorded



Edits must be controlled

Untracked changes undermine credibility



Timesheets drive payroll accuracy

Errors flow directly into pay outcomes



Regulatory scrutiny is increasing

Time records are central to audits

7 yrs

record retention

is the minimum period Australian employers must keep employee time and pay records.*

*Source: Fair Work Ombudsman

What timesheets are legally required

Australian employers must keep accurate records of hours worked for employees covered by modern awards or agreements.

Timesheets support compliance with:



Minimum pay rates



Penalty rates and overtime



Break entitlements



Leave accruals

Important

Even where employees are salaried, timesheets may still be required to demonstrate compliance with award conditions.

Who must keep employee timesheets

Timesheet obligations apply to:

-  Full-time employees

-  Part-time employees

-  Casual employees

Timesheets are especially critical for:

-  Award-covered employees

-  Shift-based roles

-  Variable or flexible hours

Key point

Employers remain responsible for record-keeping even if timesheets are completed by employees.

Common timesheet compliance mistakes

Australian SMEs most often fall into non-compliance due to:

 Estimating hours instead of recording actual times

 Pre-filled or auto-approved timesheets

 Unrecorded overtime

 Breaks assumed but not taken

 Informal edits without approval

Warning

These practices significantly weaken an employer's position in audits or disputes.

What must be recorded on timesheets

At a minimum, timesheets should record:

 Actual start and finish times

 Hours worked

 Overtime hours

 Breaks taken (paid and unpaid)

Records must be:

 Accurate

 Legible

 Retained for the required period

Incomplete records are treated as non-compliance.

High-risk recording areas

Certain areas require extra care:

Breaks

Unpaid breaks must only be unpaid if genuinely taken.

Overtime

All overtime hours must be recorded, not assumed.

Variations

Early starts, late finishes, and shift extensions must be captured.

Key point

These are among the most common sources of underpayment disputes.

Approvals and timesheet corrections

Timesheet changes should be:

 Transparent

 Documented

 Approved

Risk increases when:

 Timesheets are altered after payroll

 Edits are not explained

 There is no audit trail

Best practice

Clear approval processes protect both employers and employees.

Why timesheets matter for payroll

Payroll calculations rely on accurate timesheet data.

Timesheets influence:



Ordinary hours



Penalties and overtime



Leave accruals



Superannuation calculations

Common risk area

Errors at the timesheet stage often create systemic payroll issues.

Practical actions SMEs are taking

Compliant Australian SMEs focus on:

1 Recording actual hours worked

Avoiding assumptions or averages.

2 Capturing breaks accurately

Recording what actually occurred.

3 Requiring approvals

Ensuring timesheets are reviewed before payroll.

4 Reviewing records regularly

Spotting issues early.

Start with accuracy, then improve consistency

You don't need to fix everything at once. Focus on getting the fundamentals right first.

12-month outlook: What to expect

Over the next year, Australian SMEs can expect:

Continued focus on wage underpayment



Regulators prioritise accurate pay practices.

Increased scrutiny of timesheet records



Time records are central to audit processes.

Lower tolerance for informal practices



Estimated or averaged hours will face greater challenge.

Greater emphasis on audit-ready documentation



Employers need records that can withstand review.

Timesheet compliance will remain a key enforcement focus.

Final thoughts

Employee timesheets are not just administrative paperwork — they are legal records that protect both employers and employees.

Australian SMEs that invest in accurate, consistent timesheet practices reduce disputes, improve payroll accuracy, and strengthen compliance outcomes.

Good records create confidence.

Our sources

This guide draws on Australian regulatory and research sources including:

1

Fair Work Ombudsman

Workplace compliance and enforcement guidance

2

Fair Work Commission

Modern awards and employment conditions

3

Safe Work Australia

Workplace health and safety guidance

4

Australian Bureau of Statistics

Employment and workforce data

5

Australian Institute of Health and Welfare

Workforce research and analysis

Always refer to official guidance for current obligations. This guide provides general information only and does not constitute legal advice.



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Related Resources:

- [! Time & Attendance Features](#)
- [! How to Track Employee Hours](#)
- [! How to Approve Timesheets](#)
- [! Free HR Templates](#)

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