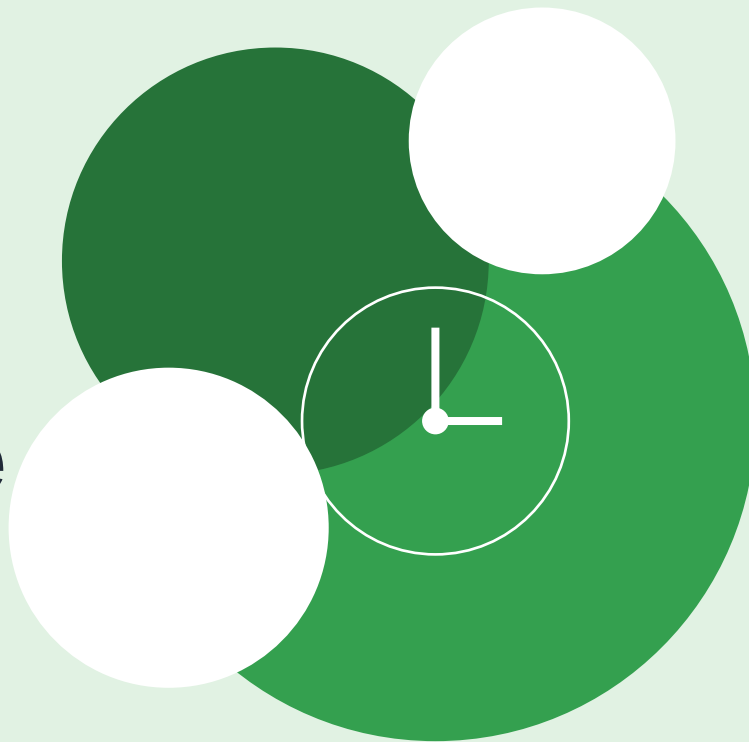


E-GUIDE

# Time & attendance compliance (Australia)



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Practical, Australian-focused guidance for SME owners and managers on tracking hours, maintaining compliant records, and reducing payroll risk.

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## Executive summary

Accurate time and attendance records form the foundation of payroll compliance in Australia. Yet many small businesses continue to rely on manual processes, incomplete records, or informal practices that expose them to underpayment risk.

Australian workplace laws require employers to keep accurate records of hours worked, breaks taken, and pay details. Where time records are missing, inaccurate, or inconsistent, employers carry the burden of proof in disputes and audits — even if employees were paid correctly.

As enforcement activity around wage compliance increases, time and attendance compliance is receiving greater scrutiny. Regulators are focusing not only on pay rates, but on whether businesses can demonstrate how hours were worked and paid.

For Australian SMEs, improving time and attendance compliance reduces payroll errors, strengthens audit readiness, and builds trust with employees.

# Key findings

Our review of Australian regulatory guidance and enforcement trends highlights six critical insights.



## Record-keeping is mandatory

Employers must keep accurate time and wage records



## Accuracy matters more than intent

Good intentions do not excuse poor records



## Breaks are frequently misrecorded

Unpaid breaks are a common source of disputes



## Corrections create risk

Informal edits undermine compliance



## Payroll relies on time data

Errors upstream affect pay accuracy



## Regulatory focus is increasing

Time records are central in audits

# \$1B+

## recovered since 2018

in underpayments by the Fair Work Ombudsman — many cases involving time and attendance record failures.\*

\*Source: Fair Work Ombudsman

# What time & attendance compliance means

Time and attendance compliance refers to meeting Australian legal obligations around recording, storing, and using employee work hours and attendance data.

## This includes:

✓ Start and finish times

✓ Hours worked

✓ Breaks taken

✓ Overtime hours

✓ Pay rates applied

## These records must be:

✓ Accurate

✓ Legible

✓ Stored securely

✓ Retained for the required period

### Important

Incomplete or inaccurate records increase exposure during audits, disputes, and investigations.

# Who must keep time and attendance records

All Australian employers must keep employee records, regardless of business size.

## This applies to:



Full-time employees



Part-time employees



Casual employees

## Record-keeping obligations apply even when:

- Employees are salaried


- Hours appear "standard"


- Businesses trust staff to self-report

**Time records must reflect actual hours worked, not assumed hours.**


# Common time & attendance compliance risks


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

 Manual or inconsistent time tracking

 Missing or estimated hours

 Unrecorded unpaid breaks

 Informal changes to timesheets

 Lack of approval processes

## Hidden risks

These risks often go unnoticed until a complaint or audit occurs.

# Recording hours worked accurately

Accurate records should capture:



**Actual start and finish times**



**All hours worked, including overtime**



**Work performed outside scheduled shifts**

## **Risk warning**

Rounding, averaging, or assuming hours worked can create underpayment exposure.

Where employees work across multiple locations or variable shifts, consistency becomes even more important.

# Breaks and unpaid time

**Key insight:** Unpaid breaks are a common source of disputes.

## Common issues include:



Breaks assumed but not taken



Break durations recorded incorrectly



Staff working through breaks without record

## Australian guidance

Australian guidance expects that unpaid breaks are only unpaid if they are genuinely taken.

Accurate break recording protects both employers and employees.

# Approvals and timesheet corrections

Changes to time records should be:

1 Transparent

2 Documented

3 Approved

Risks arise when:

- Timesheets are edited without explanation

- Corrections occur after payroll

- There is no audit trail

Clear approval and correction processes support compliance and trust.

# Why time records matter for payroll

Payroll accuracy depends on accurate time data.

Time records directly influence:

Ordinary hours

Overtime

Penalties

Leave accruals

Time errors



Payroll errors



Systematic underpayments

## Warning

Errors at the time-tracking stage often flow through payroll, creating systemic underpayments.

Fixing errors early reduces rework and risk.

# Practical actions SMEs are taking

Compliant Australian SMEs focus on:

**1**

## **Standardising time recording**

Using consistent processes across teams.

**2**

## **Recording actual hours worked**

Avoiding assumptions and estimates.

**3**

## **Documenting approvals**

Creating accountability and audit trails.

**4**

## **Reviewing records regularly**

Identifying errors before payroll is finalised.

### **Start with accuracy, then improve consistency**

You don't need to transform everything at once. Focus on recording accurately first, then build consistency over time.

# 12-month outlook: What to expect

Over the next year, Australian SMEs can expect:



## Continued focus on wage compliance

Regulators continue to prioritise underpayment investigations and enforcement.



## Greater scrutiny of time records

Time and attendance records will be examined more closely in audits.



## Increased expectations around transparency

Employees and regulators expect clearer processes and documentation.



## Less tolerance for informal practices

Manual, undocumented, or inconsistent processes will face greater challenge.

Time and attendance records will remain central to enforcement activity.

# Final thoughts

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Time and attendance compliance is not about micromanagement — it's about accuracy, fairness, and confidence.

**Good records protect everyone.**

Businesses that maintain clear, reliable time records reduce disputes, improve payroll accuracy, and strengthen compliance outcomes.

# Our sources

This guide draws on Australian regulatory and research sources including:

1

## **Fair Work Ombudsman**

Workplace compliance and employer guidance

2

## **Fair Work Commission**

Modern awards and record-keeping requirements

3

## **Safe Work Australia**

Work health and safety guidance

4

## **Australian Bureau of Statistics**

Employment and workforce data

5

## **Australian Institute of Health and Welfare**

Workforce wellbeing statistics

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



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