



Fact Sheet

Good Record Keeping

To review the webinar associated with this fact sheet, visit <https://youtu.be/AFhFKaZMp9A>

Often the thought of lawfully required and best practice record keeping makes small business owners feel stressed and overwhelmed. In this fact sheet we discuss what your obligations actually are, what is best practice, and how we can set up systems and procedures to make it as easy for ourselves as possible whilst complying with privacy requirements.

What is lawfully required under the Fair Work Act

Under the Fair Work Act and Regulations, employers have to keep a record of information for each employee including pay, leave, hours of work, expenses reimbursed, workers compensation insurance and super contributions for 7 years. Tax records including tax paid, super calculations and information about how you met your choice of super fund obligations, need to be kept for 5 years.

How do you keep that information? Payslips, timesheets and onboarding documentation such as new employee forms!

All of these documents must be legible, in English, and readily accessible if Fair Work comes knocking. They must also be kept private and confidential – the only people who should be able access them are the employer, payroll staff, the employee themselves, and other authorised individuals such as an accountant.

For precise details, visit the [Fair Work Ombudsman](#) website.

What else should I be recording?

It's also best practice to keep records of job applications including resumes and any trade, certification or registration certificates. Note however that you can't retain job applications or candidate information past the recruitment process finishing without getting the written permission of the candidate (email is sufficient).

In terms of independent contractors, you should have a pre-qualification checklist which checks off all the policies, procedures, qualifications, licenses, certifications, checks and insurances they need to have before you engage their services. You face substantial risk if your contractors don't have the certifications or insurances – you could be liable.

When following any procedures you have about managing complaints, performance management, any allegations raised against staff, it is so important for your own protection to make sure there is at minimum a file note in writing on the relevant employee/s file.

In the case of any injuries or near misses at work, ensure you keep written records including witness statements and exact information about times and dates, as well as any notes of verbal discussions and copies of appropriate medical information.

By law you should have an incident register and system of reporting of incidents that everyone understands – an incident reporting and investigation policy and procedures.

What is lawfully required under Workplace Health and Safety legislation?

This information and advice is general in nature, based on our interpretation of current legislation and policy, and does not take into account your specific circumstances. You should consider whether the information is appropriate to your needs and seek professional advice if required.

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The list of requirements here is much longer but don't usually directly relate to individual employees, and documents things like the master list of where relevant documents are stored, agendas and minutes of safety meetings, records relating to checking qualifications of contractors, assessments of appropriateness of plant and equipment, completed checklists, and so on.

For example, in your worker induction record you need to have documented:

- Welcome worker
- Introduce worker to management and supervisors
- Introduce worker to co-workers
- Work hours/meal breaks and overtime
- Explain work tasks and provide job description
- Tour of the workplace Location of toilets/amenities
- First aid kits and names of first aiders
- Manager's office/location
- Noticeboards & WHS information/signs
- Exit points and evacuation instructions
- Location of nearest WHS manual & safe work procedures
- Explain WHS/OHS management and procedures
- WHS policy WHS responsibilities
- Consultation mechanism and issue resolution
- Hazard & injury reporting procedure
- Workers compensation claims procedure (where relevant)
- Return to work program (where relevant)
- Hazardous substance procedure
- Personal Protective Equipment [PPE] — location & storage
- Training program Evacuation procedure
- Manual handling procedures
- Training and competency needs assessment conducted based on WHS risks in specific job tasks

That seems like a lot of paperwork – how can I fulfil this obligation lawfully?

These records don't have to be stored as hard copies, although you can if that's what your business chooses to do.

We recommend to our clients that they set up a secure, online filing system that is backed up on a regular basis, to manage these employment and WHS records, and invest in a good quality scanner. We use DropBox, but there are many other products and systems out there that you can use. Even if you do produce paper records (such as timesheets, forms that are filled out and signed by hand, and so on), you can immediately scan them into your system and file accordingly, and you don't need to keep the paper original once you've confirmed that the electronic file has scanned and saved correctly.

If you do keep your pay, leave, timesheet, tax and super records within your accounting or payroll system, make sure you back it up regularly in case something goes wrong.

The key to any good quality record keeping and filing system is consistency – consistency of naming documents, consistency of locations of documents, and consistency of secure destruction of documents which are no longer required.

What happens if I'm not keeping records accurately or well?

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- The fundamental risk for your business is that without good record keeping, you can't prove what you might need to and may be found not to have done the right thing in terms of due process, even if the end result makes sense. Common sense or verbal agreements don't apply – you need to be clear, and have your expectations in writing.
- You could be fined – significantly – and ignorance is no excuse under the law. The law expects you to know and to comply with your employer obligations.
- Due process and documentation are your friends – be clear and keep good records. There are some you must keep and there are others you'll be glad you did, when you need them.
- If you want to sell or transfer your business, it likely won't be worth as much as it could be if your record keeping is not up to date. You have to meet lawful transfer of business obligations when it comes to selling/transferring your business and if you don't have the records, you may not even be able to make the sale.
- Your business may not get access to tenders and contracts you want, with larger contractors or government. Aside from compliance with employment law, they will expect to see a standard of HR & WHS infrastructure, record keeping and risk management in your business that you may not currently have.

What about privacy?

All Australian businesses have obligations under the Privacy Act regarding information that they hold on people. Only authorised people in your business should be able to access employee records.

What do I do now?

- Good record keeping is your proof that employment matters are being dealt with correctly.
- If there is ever a dispute, having the paperwork accurately stored and readily available makes it easy to determine the truth of the situation.
- It isn't difficult to do – set up your systems and follow them.
- Ask yourself the following questions:
 - Do you know what records you must keep?
 - Do you know what information you must give staff when you employ them?
 - Do you know the difference between an employee & an independent contractor?
 - Do you know that you must provide payslips & what information must be included on them?
 - Do you know what Award/s your staff are covered by & their entitlements?
 - Are you paying your staff correctly? How do you know?
 - Do you know how to end a staff member's employment lawfully?
 - Do you know what level of HR risk you currently have?
 - Do you have employment contracts?
 - Do your employment contracts comply with legislation, meet Fair Work requirements and National Employment Standards?
 - Do you have a clear set of position descriptions to ensure role clarity and team effectiveness?
 - Do you find it easy to recruit and retain quality staff?
 - Do you have a simple and effective process to manage, appraise and reward the performance of your staff?

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- Do your staff know more about their rights and responsibilities than you do?
- Do you have a set of core HR policies that mitigate workplace risks such as health and safety, bullying, harassment and discrimination?
- Could you confidently defend a claim against your business?

Need help? Contact Pinnacle People Solutions for tailored advice and support for your business by email to admin@pinnaclepeoplesolutions.com.au or call 1300 856 231

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