



# PINNACLE

## PEOPLE SOLUTIONS

### Fact Sheet

### Payroll Pitfalls

For the webinar associated with this fact sheet, visit

<https://www.facebook.com/PinnaclePeopleSolutionsAustralia/videos/309212497136820>

Many organisations have been in the news recently for underpaying their staff, sometimes by significant amounts. Australian payroll requirements are complicated – how do we ensure we are paying our staff correctly, especially in small and medium businesses that don't have a dedicated payroll specialist?

#### **What makes a good payroll system?**

The key to a good payroll system is information – you don't know what you don't know. Business owners need to have accurate information and documentation, including:

- Time records (electronic or paper time sheets), filled out accurately
- Employment contracts and position descriptions
- Details of awards and enterprise agreements
- Visa information for employees

#### **Common Payroll Pitfalls**

- Accurate *timesheets* not kept, including for salaried employees
- Award *payrates* not reviewed regularly to capture any rises
- Inaccurate *salary* calculations
- Allowances paid incorrectly or not at all
- *Superannuation* not paid on time or calculated incorrectly

#### **What can go wrong?**

- Staff morale and workplace culture can be affected in cases of under- or incorrect payment. This can also cause follow on effects in unhappy staff having reduced productivity.
- It can cost you a lot of money to rectify the under-payment, plus fines could be applied.
- You can end up at the Fair Work Commission with an unfair dismissal or underpayment claim.

#### **What do I do now?**

- Make sure you have employment contracts and position descriptions in place, and review them at least once a year to ensure they are up to date.
- Know what award your employees are employed under, and review them regularly (particularly around July each year). Industries often review their awards during the year as well.
- Make sure you have your documentation together. If there is a legal dispute, you will need written evidence to support your side of the story.
- If you aren't sure about any of this, get professional advice to manage this business risk.

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

*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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