The Annual Staff & Payroll Good-Practice Audit

For Australian employers with staff · True Tally Bookkeeping

If you employ people, a lot can quietly drift over a year. Award rates change, staff files fall out of date, a registration lapses, a long service leave milestone sneaks up, and payroll settings that were right at setup no longer match how you actually work. None of it is dramatic on any given day. It just adds up until something goes wrong at the worst time.

This is a once-a-year audit you can run yourself, or with your bookkeeper, to catch all of it before it becomes a problem. Print it, work through it, and keep a dated copy each year as evidence you reviewed good practice. We suggest running it at the start of each financial year, when award rates and the minimum wage change.

1. Payroll audit

The core annual check that your people are being paid correctly.

- ☐ Confirm the correct modern award and classification level for every employee
- ☐ Update pay rates for the annual award and minimum wage increase (usually from 1 July)
- ☐ Reconcile every annualised salary against what the award would have paid, including overtime and penalties
- ☐ Check overtime, penalty rates and leave loading are calculated on the correct base rate
- ☐ Confirm all relevant allowances are being paid
- ☐ Confirm the current super guarantee rate is applied and super is paid on time (review Payday Super readiness)
- ☐ Confirm choice of fund and stapled-fund processes for new starters
- ☐ Confirm PAYG withholding is correct and Single Touch Payroll year-end finalisation is done on time
- ☐ Confirm each worker is correctly classified as an employee or a contractor

2. Payroll configuration audit (your software settings)

Separate from checking pay runs, this checks that the payroll system itself is set up correctly. Settings drift, and a wrong setting repeats the same error every pay run.

- ☐ Review pay items, penalty and overtime rules, and allowances against the current award
- ☐ Check leave types and accrual rules (annual, personal, long service) are configured correctly
- ☐ Confirm super, PAYG and STP settings are current
- ☐ Check public holiday calendars are up to date for your state

> **How often:** Run a full payroll configuration audit at least once a year, and also whenever an award changes, your payroll software has a major update, or you take on a new type of employee (for example your first casual, or staff under a different award).

3. Staff files and records

What you must hold, and keep current, for every employee.

- ☐ Signed employment contract that reflects the current role
- ☐ TFN declaration
- ☐ Superannuation choice form and fund details
- ☐ Fair Work Information Statement issued (and Casual or Fixed Term statement if relevant)
- ☐ Current position description
- ☐ Bank details and emergency contact
- ☐ Copies of any licences, registrations or checks required for the role
- ☐ Leave balances and pay records

> **Retention:** Fair Work requires employee records to be kept for seven years. Tax records are generally kept for five years. Keep them secure and private.

4. Training and registration currency

Lapsed registrations and overdue training are a compliance and insurance risk, and easy to miss.

- ☐ Professional registrations current (for example AHPRA, industry bodies)
- ☐ Mandatory training up to date (first aid, manual handling, NDIS Worker Screening, Working With Children Check, police checks)
- ☐ Role-specific and compliance training completed and recorded
- ☐ A simple register of who is due for what, and when

5. WorkCover refresh

Your workers compensation cover must reflect reality.

- ☐ Annual wages declaration lodged with your state or territory scheme
- ☐ Policy renewed and premium reviewed
- ☐ Cover reflects your current headcount and the type of work performed
- ☐ New employees and any change in work activities are covered

6. Long service leave (LSL) dates

LSL is state-based and accrues over years, so the milestones are easy to lose track of.

- ☐ Record each employee's continuous service start date
- ☐ Check your state or territory's LSL rules (the qualifying period and any pro-rata entitlement vary by state)
- ☐ Flag any employee approaching an LSL milestone in the coming year
- ☐ Confirm LSL is accruing correctly in your payroll system

7. Timesheet approval: a clear SOP for you and your bookkeeper

Where you have casual or part-time staff, the biggest source of payroll error is not the pay run itself, it is what reaches the person doing the pay run. A simple written SOP with a fixed weekly timeline removes almost all of it. The goal: approved, correct hours reach your bookkeeper in the same format, by the same cut-off, every week.

Set the timeline

- ☐ A fixed weekly cut-off for staff to submit timesheets (for example, by Monday 10am for the previous week)
- ☐ A fixed approval window before payroll is processed (for example, approved by Monday midday)

- ☐ Timesheets reach your bookkeeper in one agreed format, on the same day each week

Write the SOP (one page, shared with your bookkeeper)

- ☐ Name who approves, and a back-up approver for when they are away, so payroll is never held up or self-approved
- ☐ Set out how actual hours are checked against the roster (casuals) or the contracted hours (part-time)
- ☐ Set out how to handle exceptions: overtime, shift swaps, leave and public holidays
- ☐ State where approvals are stored (a digital timesheet or rostering tool that timestamps them)

Keep your bookkeeper in the loop, because they interpret the award

- ☐ Tell them where any individual agreements exist that affect pay (annualised salary, individual flexibility arrangements, above-award deals, specific allowances), because these change how the award is applied
- ☐ Tell them promptly about any contract change, new hire, role change or change in hours, so payroll reflects it from the correct date
- ☐ Give them the roster or the contract to check hours against, not just the timesheet

> **Why it matters:** Your bookkeeper can only pay what they can see. A clear SOP, a fixed timeline, a named back-up approver, and visibility of the agreements behind each employee is what lets them apply the award correctly and catch errors before they are paid.

8. When to bring in an HR consultant

A bookkeeper and BAS Agent can handle payroll, awards, super, STP and records. Some situations need a qualified HR professional. Consider engaging one when you are dealing with:

- ☐ A performance management process, formal warning or termination
- ☐ A redundancy or restructure
- ☐ A workplace complaint, grievance or investigation (bullying, harassment, discrimination)
- ☐ A complex or contested award interpretation, or an enterprise agreement
- ☐ Building or updating workplace policies, contracts or an employee handbook
- ☐ Any situation with real legal risk or an unfair dismissal exposure

> **Rule of thumb:** Payroll and compliance mechanics sit with your bookkeeper, and people decisions with legal or dispute risk sit with an HR professional. Getting the right help early is almost always cheaper than fixing it later.

Your simple cadence

Weekly	Approve timesheets against roster or contract before payroll
Each pay run	Correct rates, super, STP lodged
Quarterly	Super paid on time, BAS, quick records check
Annually	The full audit above, ideally at the start of the financial year

> **Want us to run this audit with you?** True Tally is a Registered BAS Agent and Xero-certified practice. We handle payroll, records, WorkCover declarations, LSL tracking and the annual payroll configuration audit, and we tell you honestly when something is better handled by an HR professional. **Book a free call** or phone 0468 159 950. Free, no lock-in contracts.