



Guide to self-auditing your business



Why use this guide?

We recommend that all businesses, including contractors and subcontractors review their workplace practices regularly to make sure they're complying with the Fair Work Act and the Fair Work Regulations. This is called a self-audit.

Doing regular self-audits helps you to:

- ▶ plan and run your business better
- ▶ reduce the likelihood of disputes or costly mistakes
- ▶ make you more competitive when tendering for jobs
- ▶ (if applicable) meet the requirements of a contract.

This guide will take you through a simple 5 step process to audit your records efficiently:

Step 1 – Check the law to make sure you know the correct pay and entitlements

Step 2 – Check you're following your record-keeping and pay slip obligations

Step 3 – Audit your records

Step 4 – Review the findings and get help if you need it

Step 5 – Fix any problems quickly if they occur

The Fair Work Ombudsman is committed to providing you with advice that you can rely on. The information contained in this fact sheet is general in nature. If you are unsure about how it applies to your situation you can call our Infoline on 13 13 94 or speak with a union, industry association or a workplace relations professional.

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Step 1: Check the law to make sure you know the correct pay and entitlements

✓ Make sure you know your workplace basics!

Before doing an audit, it's important to know the basics about workplace laws and how they apply to your business.

Practical tip

To check your knowledge of workplace laws, a good place to start is by completing the Workplace basics quiz. The quiz will provide you with tailored feedback and resource links to brush up on any areas you need help with. You can access the quiz at fairwork.gov.au/basicsquiz

✓ Check your award(s) or enterprise agreement(s)

To check you're compliant, you can start by reviewing the applicable award or enterprise agreement.

Awards

Awards (modern awards) outline minimum pay rates and conditions of employment.

Awards apply to businesses and employees depending on the industry they work in and the type of job they do.

Awards also contain classifications that determine an employee's rate of pay. For information on determining the correct award classification, visit fairwork.gov.au/award-classifications

Find your award

Our 3-step Find my award tool will help you find the award that covers your workers at fairwork.gov.au/findmyaward

Agreements

Enterprise agreements set out minimum employment conditions.

When a workplace has an enterprise agreement, the award doesn't apply. However:

- ▶ the base pay rate in the enterprise agreement can't be less than the base pay rate in the award
- ▶ the National Employment Standards still apply.

Find an enterprise agreement

If you're not sure if your business is covered by an enterprise agreement, you can search the Fair Work Commission's website at fwc.gov.au/agreements

Some employees aren't covered by an award or enterprise agreement. These employees are still covered by the National Employment Standards and the National Minimum Wage.

For more information on award and agreement-free employees visit fairwork.gov.au/award-free

Tailored advice from your industry association

Your industry or business association can provide you with tailored advice and assistance to help you understand your rights and your obligations to your employees. A list of organisations that are formally registered under the national workplace relations system can be found at fwc.gov.au/registered-organisations/find-registered-organisation

There may also be other industry and business bodies in your area that can help.

☑ Check you're paying your employees correctly

Check that you are recording the amount you're paying each of your employees, and that you're paying the right amount. You can check pay rates, as well as other entitlements like allowances and penalty rates, using our Pay Calculator at fairwork.gov.au/pact

You can also review the full list of pay guides with minimum pay rates for full-time, part-time and casual employees covered by an award at fairwork.gov.au/payguides



Important

An employee's pay rates may increase from time to time, for example:

- ▶ after the minimum wage review, generally from July each year
- ▶ if their duties change
- ▶ if they are eligible for pay point progression under an award or agreement (based on their length of service)
- ▶ when they move to the next stage of an apprenticeship or traineeship
- ▶ when they have a birthday (if they're a junior employee).

Step 2: Check you're following your pay slip and record keeping obligations

You need to keep certain information for each of your employees. Before you start auditing your records, a good place to start is by checking that you're keeping the right records.

☑ Check your records

There are 9 different types of business records you need to check. They are an employee's:

- ▶ general employment details
- ▶ pay rate
- ▶ pay slips
- ▶ record of time worked
- ▶ leave records
- ▶ superannuation records
- ▶ termination records
- ▶ transfer of business records
- ▶ if applicable, records related to individual agreements.

Use **Attachment A** of this guide to help you do this or you can use our range of record-keeping templates. Download them from our templates page at fairwork.gov.au/templates

Visit our record-keeping page at fairwork.gov.au/recordkeeping for more information.



Important

Even if you have someone else like an accountant doing your books, you're still responsible for ensuring you're paying your employees correctly and keeping the right records. Good record-keeping can help you avoid fines and resolve issues when they arise.

Step 3: Audit your records

We suggest that you start by choosing the records of a sample of your employees (25% of your workforce is a good rule of thumb). Ensure you include a mix of full-time, part-time and casual employees as well as apprentice or junior employees if you have any. This increases the chance you'll pick up any issues.

If an employee has asked about their pay or entitlements, it's a good idea to start your audit by checking their records first.

It is also helpful to select a timeframe to audit. You may want to select:

- ▶ the most recent pay period or roster cycle (for example, 2–4 weeks)
- ▶ a pay period when overtime was worked, to make sure the right entitlements were paid
- ▶ a pay period that included a public holiday.



Important

Use our detailed checklist in [Attachment B](#) of this guide to help you audit the records of each employee – print it out and record your findings as you progress through this guide.

☑ Check you're recording your employee's general employment details

Start by checking that you are keeping the required general employment details of each of your employees. This includes details like the employee's full name, their start date and employment type (full-time, part-time, casual), and whether they are employed on a permanent, temporary or fixed-term basis.

☑ Check your employee's pay slips

It's important to ensure you're putting the right information on your employee's pay slips. It is a requirement to include information like the employer's name and ABN.

[Attachment C](#) shows you what an example pay slip looks like.



Important

Pay slips must be given to an employee within one working day of pay day, even if an employee is on leave. They can be in either electronic form or hard copy.

You can also use our pay slip template to help you do this. Download it from our Templates page at fairwork.gov.au/templates

✓ Check your pay records

It is a requirement that you keep records of the pay rate paid to your employees, including total gross and net amounts paid, and any deductions. You also need to keep details of any incentive-based payments, bonuses, loadings, penalty rates, allowances, or other separately identifiable entitlements paid.

[Step 1](#) tells you how to make sure you have the correct pay rate for your employees.

✓ Check your time records

Check that you are keeping records about the hours your employees are working. This includes all hours by casual, regular or part-time employees.

✓ Check your employee's leave records

It's a requirement to keep records about any leave taken by your employees and how much leave they have.

An employee's leave accumulates during the year and any unused leave will roll over from year to year. You can use our Leave Calculator to find out how much annual leave an employee has accumulated at fairwork.gov.au/pact

✓ Check your employee's super contributions are correct

You need to keep records of how much superannuation you've paid your employees and check that you've paid the correct amount. You will need to check things like the amount paid and the pay period for the contribution.

You can find more information about superannuation contributions at the Australian Taxation Office's (ATO) website at ato.gov.au/super

✓ Check your termination records

If a worker's employment with your business has ended, you need to keep a record about it. The record needs to detail information including how the employment was ended and the name of the person who ended the employment.

Need help with termination and redundancy?

You can use our Notice and Redundancy Calculator at fairwork.gov.au/pact

Sometimes, an enterprise agreement or contract will give a more generous entitlement at termination.

✓ If there has been a transfer of business, check you have the records

If there has been a transfer of business, the old employer has to give you records of any transferring employee. You should also ask for employment records from the old employer for any transferring employee who becomes an employee within 3 months of the sale.

✓ If you have individual agreements, check the records

You may have entered into individual agreements with some of your employees. If so, check to see that you've recorded the following:

- ▶ if you have an **individual flexibility agreement**, you must keep a record of the written agreement and any notice/agreement to terminate the flexibility agreement
- ▶ if you have a **guarantee of annual earnings** (a written agreement between an employer and an employee which guarantees that the employee will earn a high income for at least 12 months), you must keep a copy of the written agreement and any record of the cancellation of the agreement.
- ▶ any agreements on averaging of hours
- ▶ other information or records required to be kept by an applicable award or agreement (for example, part-time work agreements and annualised wage arrangements)
- ▶ any additional records for apprentices or trainees under the rules set by the training authority in your state or territory.

It is best practice to keep on each employee's file:

- ▶ emergency contact details
- ▶ the employee's address and phone number
- ▶ job description
- ▶ name of award or agreement and the employee's classification
- ▶ leave requests
- ▶ any notifications from a casual employee about changing to full-time or part-time employment.

Step 4: Review the findings

If your self-audit shows that you've been meeting your requirements, congratulations! It's likely you're complying with workplace laws.

If your self-audit identifies any issues, you need to fix them up. **Step 5** tells you how you can do that. You can also seek advice from industry experts including:

- ▶ employer associations or unions
- ▶ industrial professionals, such as lawyers or industrial relations consultants
- ▶ payroll associations

You can remain up to date by registering for an online account with us at fairwork.gov.au/register. My account is our online portal that helps you get the workplace information and advice you need.

With My account, you can:

- ▶ submit an enquiry about a workplace problem
- ▶ bookmark your favourite pages, awards and Pay Calculator results
- ▶ explore personalised resources such as online training, templates and more
- ▶ get important updates and tailored workplace information.

Step 5: Fix any problems quickly if they occur

If you find any underpayments or any other potential compliance issues, you can go back and audit more records to make sure you know the full extent of the issue. This could involve:

- ▶ checking the records of other employees that may be affected
- ▶ expanding the timeframe for your audit back until you find when the issue started.

✓ Correcting errors

If your self-audit shows that an error has been made, we recommend you do the following:

1. Fix any errors for both current and former employees. For current employees, it's a good idea to let them know what's happening. You should explain:
 - what is being fixed and how you identified the problem
 - any changes that you've made (for example, that you're now paying the award pay rate)
 - that the error is specific to that employee – you don't want other employees to hear about the issue and think that they're affected by it if they're not.
2. Take steps to prevent the error in the future.

For former employees, contact them to confirm the best way to fix any back-pay.

For more information and a step-by-step guide on how to fix an underpayment, visit our I think I've underpaid my employee page at fairwork.gov.au/how-to-fix-an-underpayment

✓ How much back-pay do I need to pay?

Your employees need to be back-paid any amount they are owed, no matter how large or how small. Your employees should be back-paid as soon as possible.

✓ What happens if the problem isn't fixed?

If an employee has been underpaid or has not received all their entitlements, the FWO can investigate and take action to make sure that all entitlements are paid.

Employers who fail to comply with their obligations under relevant Commonwealth workplace laws may face significant penalties.



Important

From 1 January 2025, intentional underpayment of wages by an employer is a criminal offence. Prosecution can result in monetary fines, prison time, or both. Honest mistakes aren't considered a criminal offence.

A small business employer (with less than 15 employees) won't be referred for criminal prosecution if they've taken steps to ensure employees are paid correctly as set out in the Voluntary Small Business Wage Compliance Code. Civil penalties may still apply.

Find more information about criminal prosecution at fairwork.gov.au/criminal

Attachment A: Self-audit template



Important!

Example rows are shown in purple writing to help you and can be deleted when no longer needed. The amounts and figures used are examples only and may not reflect the current appropriate rates and entitlements that should apply. You can check current pay rates, as well as other entitlements like allowances and penalty rates, using our Pay Calculator at fairwork.gov.au/pact

[illegible]

Attachment B: Audit checklist

Go through this checklist for each of your employees to make sure you've kept the correct records.

Business Record	Information
Employment details	<input type="checkbox"/> employee's full name <input type="checkbox"/> start date <input type="checkbox"/> employment type (full-time/part-time/casual) <input type="checkbox"/> employment basis (permanent/temporary) <input type="checkbox"/> employer's full name and ABN
Pay rate	<input type="checkbox"/> pay rate <input type="checkbox"/> before and after tax amounts paid <input type="checkbox"/> deductions <input type="checkbox"/> any incentive-based payment, bonus, loading, penalty rate, or any other monetary allowance or separately identifiable entitlement paid
Pay slips	<input type="checkbox"/> employer's name and ABN <input type="checkbox"/> employee's full name <input type="checkbox"/> date of payment <input type="checkbox"/> pay period <input type="checkbox"/> before and after tax amounts <input type="checkbox"/> if paid hourly – the hourly rate, hours worked and total amount paid <input type="checkbox"/> if paid an annual salary – the employee's salary rate <input type="checkbox"/> loadings/allowances/bonuses/incentive payments/penalty rates/other separate monetary amounts <input type="checkbox"/> any paid leave taken in the pay period <p>Important: Pay slips must not mention paid family and domestic violence leave, however employers must keep a record of this leave balance and any leave taken by employees. For more information, visit our pay slips page at fairwork.gov.au/payslips</p> <input type="checkbox"/> any deductions made <input type="checkbox"/> super contributions made or required for that pay period and the fund name or name and number (exemptions may apply where the employer doesn't yet have fund details for the new employee)
Record of time worked	<input type="checkbox"/> hours worked for casual or irregular part-time employees, or piece workers <input type="checkbox"/> overtime hours <input type="checkbox"/> agreement to average hours

Leave records

- ☐ leave taken
- ☐ leave balance
- ☐ annual leave cashing out agreement, a record of how much was paid, the amount cashed out and when the payment was made

Superannuation records

- ☐ amount paid
- ☐ pay period
- ☐ date(s) paid
- ☐ the fund name the contribution was made to
- ☐ reason the employer paid into the fund

Termination records

- ☐ how the employment was ended
- ☐ if notice was provided and if so, how much
- ☐ the name of the person who ended the employment

If applicable, transfer of business records

- ☐ records of any transferring employees
- ☐ records of employees who have transferred within 3 months of the sale

If applicable: records related to individual agreements

Individual flexibility agreement

- ☐ a copy of the written agreement
- ☐ a copy of any notice or agreement to end the flexibility agreement

Guarantee of annual earnings

- ☐ the guarantee
- ☐ date the guarantee was cancelled

Other types of individual agreements

- ☐ any agreements on averaging of hours
- ☐ other information or records required to be kept by your award or agreement
- ☐ records of any apprenticeship or traineeship contracts as required by a State or Territory training authority.

Attachment C: Example pay slip



Important!

This pay slip contains example content to demonstrate the information to include on a pay slip. The business and employee details are for demonstration purposes only.

The amounts and figures used are examples only and may not reflect the current appropriate rates and entitlements that should apply. You can check current pay rates, as well as other entitlements like allowances and penalty rates, using our Pay Calculator at fairwork.gov.au/pact

Employer's name and ABN

Employee's name and employment status

Penalty rates, allowances and other entitlements that are separately identifiable

Leave taken during the pay period

Important: Pay slips must not mention paid family and domestic violence leave, however employers must keep a record of this leave balance and any leave taken by employees.

For more information visit our pay slips page at fairwork.gov.au/payslips.

Employer name: A Pretend Business
ABN: 12 345 678 910
Employee name: Jo Worker
Employment status: Casual

Date of payment: 19/11/2024
Pay period: 11/11/2024 – 18/11/2024
Hourly rate of pay: \$29.33 (\$23.46 + 25% casual loading)

Entitlements	Unit	Rate	Total
Wages for ordinary hours worked	16 hours	\$29.33	\$469.28
Wages for Saturday work	8 hours	\$35.19	\$281.52
Supervisor allowance < 6 employees	8 hours	\$0.54	\$4.32

Leave taken

Unpaid carers leave	5 hours	\$0.00	\$0.00
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Gross Payment			\$755.12
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Deductions

PAYG Tax			\$79.00
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Salary Sacrifice – child care			\$50.00
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Total deductions			\$129.00
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Net payment			\$626.12
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Employer superannuation contribution

Employee superannuation fund Pty Ltd			
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Contribution			\$87.00
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Pay period and date of payment

Hourly rate, with casual loading

Ordinary hours worked, ordinary rate and total paid at that rate

Gross pay

Details of any deductions

Net pay

Name of superannuation fund and amount of contribution

Note: exemptions may apply where the employer doesn't yet have fund details for a new employee.