Case Study

Payroll Timesheet
Errors in Xero Payroll



Background:

Name: Bright Future Marketing
Industry: Digital Marketing
Location: Melbourne, Australia
Employees: 140 (full-time, part-time, and casual workers)
Payroll Software: Xero Payroll

Bright Future Marketing is a digital marketing agency based in Melbourne, Australia. The company employs a mix of full-time and part-time staff along with some casual workers. They rely on **Xero Payroll** for managing their payroll, including calculating pay, superannuation, and leave. However, the company began experiencing significant payroll issues due to errors in employee timesheets, particularly with **incorrect timesheet entries**

Carisma Solutions confidential. Please do not distribute.

The primary problem faced by Bright Future Marketing was **incorrect timesheet entries** submitted by employees, leading to payroll errors. Employees used the Xero Me app to log their hours, but some workers—especially part-time and casual staff—often made mistakes when recording their shifts.

Key Issues:

•**Mistyped Hours:** Employees sometimes accidentally entered incorrect hours (e.g., entering 9 hours instead of 8 or missing a lunch break).

•**Unreported Overtime:** Employees failed to log overtime or after-hours work, which led to discrepancies between hours worked and hours paid.

•**Incorrect Shift Times:** Some employees entered shift start and end times incorrectly, leading to payroll discrepancies.

Despite the system allowing employees to track their hours directly, errors occurred because the employees did not double-check their entries or did not accurately report all hours worked, leading to incorrect payroll processing

Carisma Solutions confidential. Please do not distribute.

Impact:

1.Overpayments and Underpayments:

1. Incorrect timesheet entries resulted in **overpayments** for some employees who mistakenly logged more hours than they worked, while others were **underpaid** because overtime or extra hours weren't reported.
2. This caused confusion and frustration among employees when they received incorrect pay.

2.Increased Administrative Workload:

1. The payroll team had to manually review, correct, and verify each employee's timesheet before processing the payroll. This created an additional administrative burden, which was time-consuming and delayed payroll processing.
2. HR staff had to spend time communicating with employees to clarify their hours and correct discrepancies, which added to the operational cost.

3.Employee Discontent and Trust Issues:

1. Incorrect payments led to dissatisfaction among employees, with some voicing concerns over their pay accuracy. Over time, this eroded trust in the payroll system and affected employee morale.

4.Compliance Risks:

1. Repeated payroll errors raised the risk of non-compliance with Australian **Fair Work** regulations. Inaccurate pay could potentially violate minimum wage or overtime laws, leading to legal and financial consequences.

Carisma Solutions confidential. Please do not distribute.

Solution:
To address the issue of incorrect timesheet entries, Bright Future Marketing implemented the following solution:

1.Implement Timesheet Review and Approval Process:

1. The company introduced a **timesheet review and approval process** within **Xero Payroll**. Supervisors and managers were given access to review and approve employees' timesheets before payroll was processed. This step helped catch errors before they reached the payroll system, ensuring accuracy.

2.Employee Training and Guidelines:

1. Employees were trained on how to accurately log their hours in **Xero Me**. Clear guidelines were provided, emphasizing the importance of checking hours worked, including overtime and breaks.
2. A reminder was set within the Xero system to prompt employees to submit their timesheets by the end of each pay cycle, encouraging timely and accurate entries.

3.Automated Timesheet Reminders:

1. Xero Payroll was configured to send **automated reminders** to employees who had not submitted their timesheets on time. This reduced the chance of employees forgetting to log their hours and minimized late submissions.

4.Overtime Rules Setup:

1. The payroll team set up **automatic overtime calculations** in Xero Payroll, based on standard working hours, ensuring that overtime was accounted for without requiring manual intervention. This automation helped eliminate discrepancies caused by employees missing out on overtime pay.

Carisma Solutions confidential. Please do not distribute.

Results:

1.Increased Payroll Accuracy:

1. With the new timesheet review and approval process, payroll errors decreased significantly. Managers reviewed timesheets for accuracy, ensuring that all hours worked, including overtime, were correctly logged and compensated.

2.Reduced Administrative Burden:

1. The review and approval process reduced the need for payroll staff to manually cross-check hours and correct mistakes. As a result, the administrative workload was minimized, and payroll was processed more efficiently and on time.

3.Improved Employee Satisfaction:

1. Employees began receiving accurate pay for their logged hours, including overtime. This improvement in payroll accuracy helped restore employee confidence in the system and boosted morale.

4.Compliance with Australian Labor Laws:

1. The automated overtime rules and the timesheet review process ensured compliance with **Fair Work** regulations. The company avoided potential legal issues related to underpayment and ensured that employees were paid in accordance with Australian labor laws.

Carisma Solutions confidential. Please do not distribute.

Conclusion:

The timesheet error issue at Bright Future Marketing was resolved through a combination of **manager approval workflows**, **employee training**, **automated reminders**, and **overtime rule configurations** in Xero Payroll. These changes led to improved payroll accuracy, reduced administrative work, and higher employee satisfaction. By implementing these solutions, the company was able to streamline its payroll process, reduce errors, and ensure compliance with Australian employment laws, ultimately fostering a more efficient and trusted payroll system.

Carisma Solutions confidential. Please do not distribute.