Case Study

Payroll - Overtime Rate Discrepancy and Manual Adjustment



Key Issue:

The primary issue was the manual adjustment of Saturday overtime (OT) for a part-time (PT) employee, where the overtime rate did not align with the standard higher overtime rates. This occurred because the Saturday overtime rate was not following the correct pattern as outlined by Fair Work guidelines. The team changed the overtime rate without verifying it against the Fair Work rules, leading to potential non-compliance with labor regulations.

Impact:

1.Non-Compliance Risk: The manual change in the Saturday overtime rate posed a risk of non-compliance with Fair Work legislation, which could lead to legal consequences, fines, or reputational damage for the business.
2.Payroll Accuracy: Incorrect rates could affect the accuracy of employee pay, potentially leading to underpayment or overpayment, which could result in employee dissatisfaction, disputes, or claims.
3.Operational Inefficiencies: Manually adjusting overtime rates created inefficiencies in the payroll process, increasing the potential for further errors or inconsistencies in the system.

Carisma Solutions confidential. Please do not distribute.

Solution:

1.Policy Update and Training: The team was given clear and specific instructions to follow the Fair Work guidelines regarding overtime rates, ensuring that Saturday overtime rates align with the applicable standards.

2.Eliminating Manual Overrides: To prevent future errors, the team was instructed to avoid making manual changes to the payroll system and to rely entirely on automated systems that integrate with up-to-date Fair Work rate guidelines.

3.Regular Audits and Compliance Checks: The business will implement regular audits to ensure compliance with Fair Work guidelines and proactively address any discrepancies before they result in payment errors.

4.Software Enhancements: Where possible, the software used for payroll has been reviewed to ensure it automatically calculates the correct rates, including specific Saturday overtime, based on up-to-date legislative guidelines.

Carisma Solutions confidential. Please do not distribute.

Summary:

By addressing the issue of manual adjustments to Saturday overtime, the business mitigated the risk of non-compliance and improved the efficiency of the payroll system. Clear instructions were provided to the payroll team, and future adjustments were prevented through system automation and regular audits, ensuring that all overtime rates are in line with Fair Work guidelines.

Carisma Solutions confidential. Please do not distribute.