EMPLOYER AWARD & PAYROLL GUIDE

Salaried Staff & BOOT Payroll Compliance Checklist

A practical pay-cycle audit for Australian employers paying annual salaries or annualised wages under a Modern Award.

Why every pay cycle counts: Following the Federal Court ruling in *Fair Work Ombudsman v Woolworths Group Limited & Coles*, employers can no longer rely on an overpayment in a quiet pay period to offset an underpayment in a busy period. Each pay cycle must stand on its own, and paying above the award over a full year does not automatically protect against underpayment claims.

Annual Salary vs. Annualised Wage at a Glance

Feature	Annual Salary (Contractual Set-Off)	Annualised Wage (Award / EA Clause)
Governing Source	Set by the employment contract alongside an effective set-off clause.	Set under specific provisions of a Modern Award or Enterprise Agreement.
Key Employer Obligations	Identify which entitlements (overtime, penalties, allowances, leave loading) are absorbed and verify pay-cycle sufficiency.	Document calculation methodology, specify outer hour limits, record all hours worked, and complete scheduled reconciliations.
Pay-Cycle Rule	Each individual pay period must satisfy all minimum award obligations arising in that cycle.	Must track outer limits each pay run and pay any shortfall within the timeframe required by the award.

6-Step Employer Payroll & BOOT Verification Checklist

Done	Compliance Area	Action Required Before & During Each Pay Run
☐	**1. Award & Classification**	Confirm the exact Modern Award and classification level for every salaried employee, incorporating updated 1 July minimum wage rates.
☐	**2. Contract & Set-Off Terms**	Check that employment contracts explicitly list which award entitlements are absorbed and do not attempt unlawful multi-period pooling.
☐	**3. Time & Attendance Capture**	Maintain accurate daily start, finish, unpaid break, and overtime records for salaried award staff—rosters alone do not satisfy Fair Work record-keeping rules.

Done	Compliance Area	Action Required Before & During Each Pay Run
☐	**4. Pay-Period BOOT Comparison**	Run a Better Off Overall Test (BOOT) style comparison in your payroll system each pay cycle to compare salary paid against actual award entitlements earned.
☐	**5. Shortfall & Super Top-Ups**	Process top-up adjustments immediately when extra shifts, weekend penalties, or overtime push award entitlements above the base salary for that period, including Payday Super obligations.
☐	**6. Arrangement Suitability**	Review roles with variable rosters or frequent overtime to decide whether hourly award rates or a custom-configured payroll system is safer than a flat salary.

Need a custom payroll system that automates your pay-period compliance checks?

Alexilum designs custom payroll workflows and automated award-interpretation checks so you can pay salaried staff with clarity and peace of mind. Call **1300 41 88 50**, email **enquiries@alexilum.com.au**, or visit **alexilum.com.au/payroll-staff/**.

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