Employee Wage Compliance Policy & Procedure

1. Purpose

To ensure all employees are paid accurately, timely, and in full compliance with applicable wage laws, including minimum wage requirements, overtime rules, statutory paid leave, and mandated benefits. This policy establishes clear procedures for payroll administration, recordkeeping, and compliance monitoring.

2. Scope

This policy applies to all employees, contractors, payroll administrators, HR personnel, and managers responsible for scheduling, approving hours, or administering pay.

3. Legal Framework

The organisation will comply with all relevant wage and hour laws, including (but not limited to):

- **National Minimum Wage (NMW) and National Living Wage (NLW)**
- **Working Time Regulations**
- **Employment Rights Act**
- **Statutory Sick Pay (SSP)**
- **Statutory Annual Leave**
- **Statutory Maternity/Paternity/Adoption Leave and Pay**
- **Holiday Pay Regulations**
- **Overtime and maximum weekly working hours rules**

Where local or contractual rules exceed statutory minimums, the higher standard will apply.

4. Policy Statements

4.1 Minimum Wage Compliance

- All employees must be paid at or above the applicable NMW/NLW rate for their age and employment category.
- Apprentices must be paid according to statutory apprentice wage rules unless contractually higher.
- Wage rates must be reviewed annually or whenever government updates occur.

4.2 Accurate Timekeeping

- Employees must accurately record all hours worked using approved timekeeping systems.
- Supervisors must verify and approve hours weekly.

- Any discrepancies must be resolved before payroll processing.

4.3 Overtime Compliance

- Overtime must be paid according to contractual terms and applicable laws.
- Employees cannot work beyond legal maximum weekly hours unless they have signed an opt-out agreement.
- Overtime must be pre-approved by a manager.

4.4 Paid Leave Compliance

- Employees are entitled to statutory paid annual leave, calculated according to their working pattern.
- Holiday pay must reflect average earnings, including regular overtime or allowances where required by law.
- Statutory leave (SSP, maternity, paternity, adoption, shared parental leave) must be administered according to legal eligibility and payment rules.

4.5 Mandated Benefits

- All statutory benefits (e.g., pension auto-enrolment, parental leave pay) must be applied correctly.
- Employees must receive written confirmation of benefit eligibility and contributions.

4.6 Payroll Accuracy & Timeliness

- Payroll must be processed on the scheduled pay date without delay.
- All deductions must be lawful, documented, and communicated to employees.
- Employees must receive itemised payslips showing hours, rates, deductions, and leave balances.

4.7 Recordkeeping

- Payroll records, timesheets, leave records, and wage calculations must be retained for the legally required period (typically 3–6 years).
- Records must be accessible for audit and inspection.

5. Procedures

5.1 Wage Rate Verification

1. HR reviews government wage updates annually.
2. Payroll updates wage tables before the effective date.
3. Managers are notified of new wage rates.
4. Employees receive written confirmation of any changes.

5.2 Timekeeping & Approval

1. Employees record hours daily.
2. Supervisors verify hours weekly.
3. HR audits time records monthly for accuracy.
4. Any corrections must be documented and approved.

5.3 Payroll Processing

1. Payroll receives approved hours and leave records.
2. Payroll calculates:
    - Base pay
    - Overtime pay
    - Holiday pay
    - Statutory leave pay
    - Pension contributions
3. Payroll performs compliance checks:
    - Minimum wage validation
    - Overtime calculation accuracy
    - Leave entitlement accuracy
4. Payslips are issued electronically or in print.

5.4 Paid Leave Administration

1. Employees submit leave requests through the approved system.
2. HR verifies entitlement and approves leave.
3. Payroll calculates holiday pay based on average earnings.
4. Statutory leave pay is calculated using government rules.

5.5 Compliance Monitoring

1. Quarterly internal audits of payroll and timekeeping.
2. Annual external compliance review (if applicable).
3. Immediate corrective action for any identified non-compliance.
4. HR reports compliance status to senior management.

5.6 Employee Queries & Corrections

1. Employees may raise pay concerns with HR or payroll.
2. Payroll must investigate within 5 working days.
3. Corrections must be made in the next pay cycle or sooner if legally required.

6. Roles & Responsibilities

HR Department

- Maintain wage policies and legal compliance.
- Communicate wage changes.
- Manage leave entitlements and statutory benefits.

Payroll Team

- Ensure accurate wage calculations.
- Maintain payroll records.
- Conduct compliance checks.

Managers/Supervisors

- Approve hours worked.
- Ensure employees do not exceed legal working limits.
- Approve overtime and leave requests.

Employees

- Accurately record hours.
- Follow leave request procedures.
- Report discrepancies promptly.

7. Non-Compliance

Failure to follow this policy may result in disciplinary action and corrective measures. The organisation will rectify any wage errors immediately and ensure compliance with all statutory obligations.

8. Review Cycle

This policy will be reviewed annually or whenever wage laws change.

Next review date is 30/11/2026

Efosa Ekhator

Head of centre.