

# Regulatory Analysis of Time Recording Requirements Across the Globe

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*“Time is more valuable than money. You can get more money, but you cannot get more time” – Jim Rohn*

There is a general accepted norm across organizations that maintenance of employment records is the responsibility of the employer. But do all employers maintain such records? Most of the employers do not keep a track of employment records or simply do not pursue keeping records as important. But to make sure that the employees are fairly compensated for the hours worked on a periodic basis – employers should maintain an efficient **Timesheet Management System (TMS)** which would help to track and record the employees’ working time along with other details such as intervals for rest, leaves etc.

In the most recent times, the TMS has gathered a lot of attention due to the demand of organizations to track employee’s working hours, rest intervals etc in order to be compliant with the statutory laws. The TMS with an easy and accessible algorithm can go a long way in reducing an organization’s burden when it comes to reducing the manual work with respect to calculations relating to payroll, project estimation cost etc.

Though time and again timesheets have proven to improve various processes within an organization via automation of payroll of employees, billing of clients etc still, timesheets is rarely appreciated among employees mainly because of the reason that no employee would like to sign tons of papers in order to prove that they have put a given amount of time at work.

However, on the contrary, timesheets can prove to be truly beneficial for both managers and their team members, by allowing to track time put in a particular task by a particular employee or group of employees which can in turn be used time and again as an important database for future projects etc. The key here is to select the right Timesheet Management System and put in place the processes which can be followed across the team consistently and easily.

### ***What is a Timesheet Management System?***

A TMS is a tool which records the amount of time which an employee has invested on a particular task. Timesheets can be considered as a mechanism which is used by the human resources, management of the organization etc., to record time and pay to which an employee shall be entitled to based on the actual time data of the total number of hours worked by them.

In simple terms, a timesheet is a data table which an employer can use to track the time which a particular employee has worked during a certain period. Organizations use timesheets to record time put in by the employees on daily tasks, projects, etc. TMS brings in regulatory compliance controls and policies which also help the Human Resource Department in administrative and payroll processes.

In the beginning, timesheets were used basically for the purposes of payroll calculations and accounting management. The old era of TMS consisted of information arranged in a tabular form, with various rows and columns consisting of multiple levels of manual interventions. The process was also considered as time consuming because of the huge amount of scattered information across various tabs in an excel making it understandable only to a selected bunch of people in an organization.

But with the help of modern-day technology, the present-day TMS provides an easy way to perform not just the basic payroll calculations but also various other tasks which are essential in order to effectively gather information/data of an organization. The TMS also helps in other tasks such as project tracking which can record the start and end time of a particular project, along with number of employees involved in such a project etc which can later be used in order to form an estimation for the purposes of billing a client etc. There are different methods that are used to record timesheets, such as Spreadsheet Software, Online Time-Tracking Software, Hours Calculator, Online Timesheet Applications, Online Time clocks.

Another important way of the Timesheet Management System being used across various jurisdictions is "Time cards". Timecards are usually used in conjunction with timesheets. Timecard is a card used with a time clock to record an employee's starting and ending times each day. A timecard helps to improve project execution, decision making and compliance with labor and employment regulations. Employers in countries like Brazil use the system of time cards extensively .

In the USA, the Fair Labor Standards Act (FLSA) requires the employers to keep records of hours worked by employees, but it does not prescribe a specific time tracking system or the method in which the working hours shall be recorded. And, if an employer wants to implement a sign off process, the same can be done, depending upon the type and method of time tracking system being used in the organization. For example, in cases of a manual system, employees and employers might manually sign on a timesheet, and in case of automated systems, the signature is assumed to have been given by the employee during the final submission of timesheets for approval process.

### ***Evolution of Timesheet Management System***

*The first time clock was developed by Williard Bundy, who invented and patented a mechanical time clock in the year 1888. Bundy Manufacturing Company did the commercial sales of mechanical time clocks along with a couple of other time equipment companies.*

*Daniel M. Cooper received a patent for his "Workman's Time Recorder" – the first device to use a card to record the time at which an employee punched in and out from work. Cooper sold his patent to J. L. Willard and F. A. Frick of Rochester, New York, formed the Willard & Frick Manufacturing Company in 1894 as the first time card recorder company in the world. Employees could punch in and out at work. In 1900, the International Time Recording Company formed from the Willard & Frick Manufacturing Company and the Bundy Manufacturing Company.*

*In 1911, financier Charles R. Flint amalgamated four companies (including the Computing Scale Company of America) into the Computing-Tabulating-Recording Company. Time recording was the company's main revenue earner. In 1924, CTR was renamed "International Business Machines", or simply "IBM".*

But as time keeping technology developed, a new unit of measure was introduced in the mid 1950s called billable hour. With the help of billable hours, employees were able to track their tasks on an hourly basis on a paper timesheet. Still such a system was not practical to be used in certain sectors such as artisans, attorneys etc.

With the advancement in technology, the timesheets were improved and the employees got various other options to record working hours of employees than just using the traditional methods of time keeping such as paper timesheets.

## *Salient Features of a Timesheet Management System*

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As stated above, whilst there are many different types of TMS available in the market, choosing the most suitable one which fits the requirements of the organisation is what matters the most. For example, timesheets which just provide the record of working hours of an employee might not be sufficient in order to understand in entirety a team's productivity. Hence, certain important features such as mentioned below must be kept in mind while establishing a TMS in the organization.

- 1. Easy to use** - The most important aspect of a TMS is that it should have a user-friendly interface so that it allows the employers to keep time records easily. The TMS should be able to provide a path which is easy to navigate and does not consist of unnecessary complications. The system should be easy to access with filters such as daily or weekly timesheets with one button to go or any other visualizations that a particular organization might require.
- 2. Compatibility with systems** – An organization may have employees working on different kinds of operating systems. Therefore, the management of any organization should implement a timesheet system which is compatible with different operating systems such as Windows, Linux, MS DOS, Solaris operating system, Real Time OS etc. As a feature, integration is very important as it allows the organizations to put in sync their online timesheet with other applications such as accounting, project management etc which are already being used in the organization.
- 3. Technical Support** – The TMS should be equipped with round the clock customer support which provides help to the customers in case of any kind of difficulty whilst using the system.
- 4. Flexible and Comprehensive Reporting** – The data obtained from timesheets is of no importance unless the information can be visualized in a convenient and feasible manner. Reports originated via timesheets can help measure and analyse team performance, along with the ability to group and arrange received data allowing the employers or a project manager to detect the current flaws in the working module and also to brainstorm ideas for potential improvement.
- 5. Notifications and alerts** – An efficient TMS should ideally provide regular notifications which can serve as a useful function especially in critical circumstances. For instance, to notify team members about work schedules or any particular upcoming approaching project deadline, event based notifications or fixed time based notifications for example, when a timesheet is submitted by the employee, the employer can get notification either via email or a push notification if using the mobile application. This feature can assist employees in completing tasks well within the requisite timeline. These notifications and alerts provide encouragement to employees that they need to complete assignments before the deadline.
- 6. Analytics and Reports** - An efficient TMS shall be able to provide reports based on the work done by the employees. Such reports can provide detailed information on active employee hours and idle time over a period of time, or can be project specific reports showcasing each employee's contributions in the project.
- 7. Mobile Applications** - With organizations running round the clock and employees always being on the move, the mobile applications can help easily provide real time updates via one's smartphone on project development, employees' performance etc. The mobile application helps in staying ahead of deadlines at all times.

## *Benefits and Uses of Timesheet Management System*

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Each company has its own particular requirements and uses for the TMS which is sometimes beyond just tracking the hours worked by employees. Hence, while choosing a system apt to the needs of the organization, one must consider the following in order to perceive the right system that will be easy to adopt and used by both the employer and employees.

Some of the common uses of an effective Timesheet Management System are as follows:

1. **To maintain a time recording repository** – The recording of working hours of an employee is a part of statutory compliance in most of the countries. It is required for the purposes of paying fair wages for hours worked along with paid leaves etc. Such records can work as evidence in case of any potential claims against the employer with respect to non payment of wages, less wages, refusal of leaves etc. The record of time spent by an individual employee over a particular task is also a form of data which can hold immense value in future while analysing the time which may be required to perform the same or similar kind of task. The time tracking data records will let an organization decide the deadline better in terms of time and resources required.
2. **Meeting compliance standards** – There are laws and regulations with respect to the management of timesheet systems which can be simple to complex depending upon the jurisdiction. The maintenance of compliance to such laws and regulations might be difficult for reasons such as the ambiguous wording of the law, maintenance of various systems in places, privacy of employees' data etc. Maintaining compliance with the enormous amount of labor and employment laws and regulations is highly critical and important for a TMS as non-compliance with the latest legal amendments can lead to costly lawsuits and penalties. TMS can make it easier to keep up to date with ongoing changes in the employment laws by making it easy to make changes within the system.
3. **Management accounting and workload assessment** – TMS can prove to be helpful in order to analyse how and in what activities is the time being spent by the members of a team. This shall assist in finding the possible reasons for underperformance of a particular team compared to the estimated timeframe by flagging the areas where exactly the time was spent by the employees. This in turn helps manage workload more efficiently for a longer period of time.
4. **For the purposes of billing clients** – This is one of the most important reasons for use of a TMS especially by organizations whose working model depends upon billing clients by the hours spent on delivering services/products. Hence, it becomes even more important to know as to how much time has been spent by an employee on a particular project. The system becomes especially helpful during times when management may be questioned by the clients on the lines of time taken, resources deployed, any other irregularities on the project etc.
5. **For the purpose of payroll processing** – Timesheets are helpful for employers to track working hours, leaves, accruals etc. The system provides employers with a workflow which can be tracked for the purposes of approving the payroll of an employee. The TMS helps to curb or minimize the data entry mistakes which are a basic cause of payroll mistakes.

The other underlying benefits of a good Timesheet Management System –

1. **Improves accuracy and consistency across processes** – TMS can potentially enhance the accuracy of timesheets in a couple of ways. These automated systems of time management can remove the most common areas of error by allowing the employees to directly feed the working hours into the system rather than manual entries on paper and excel sheets. Automated TMS can also provide the history of any previous edits made to the data, be it with respect to working hours, leave requests etc and allowing the administration to check who last edited the data. This will help in elimination of any such activity that might hamper the original database. This feature is extremely helpful in audits conducted by internal or external parties.
2. **For the purpose of reducing the wastage in time and decreasing overhead expenses** – An effective TMS helps in understanding where the workforce has been applied by way of tracking hours and understanding the reason behind the delay of any particular task. These systems help in navigating tasks which are taking longer than expected time for completion and thus, assist in making decisions based on such analysis to optimize tasks. This potential benefit of the system can allow the organization to track the efficiency of the employees via comparison with the final output. It can help find the employee who requires further improvement based on their productivity results provided by the system and thus help the organization save a lot of money for the organization.
3. **Better project management** – TMS is considered an important tool for project management as it not only allows to track the time for a particular project but also helps in identifying the availability of employees to be assigned to a project making it easy to distribute the workload among the team members and enable project managers to monitor progress and foresee any kind of delay beforehand.

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### *Comparison Between Traditional Timesheets and Automated Timesheet Management Systems*

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Organizations are required to track working hours, leaves etc of employees for reasons owing to either statutory law or internal regulation/policy. The traditional method of time tracking involved punch clocks (a clock which records by punching cards inserted into it, the time of arrival or departure of people, for example employees in a factory) or paper sheets to mark attendance. Simply put, such a system consisted of some kind of manual interruption in order to get the work done. However, through the advancement in technology and the need for processes to be quick enough, the automated timesheets were brought into existence. Automated timesheets allow capturing of work activity without actively tracking time as it involves using time tracking software to record work hours automatically. This system has been used for over a couple of decades now. The automated system makes it easier to track and maintain databases with respect to employees and helps in keeping historical records for over a certain period of time.

Below are some of the key differences between the traditional and automated TMS which should be taken into consideration while deciding which system would best suit the needs of the organization –

Traditional timesheets systems can prove useful and effective for organizations of smaller size or teams which work on the same project in the field. This system since relies too much on human interference and are prone to errors not making it suitable for complex business systems or organization with a comparatively larger workforce. The automated TMS are constantly advancing and are considered far more reliable than the manual systems of time tracking. This system simplifies the process of tracking employee's attendance, leaves etc making it easy to

access the data for billing and payroll purposes. Automated TMS are more favourable and reliable to be used in organizations especially with a larger workforce as it would allow the employees to concentrate on their work by way of zero work interruptions. The automated TMS can run silently in the background and thus cause no work interruptions. This allows the employees to maintain concentration and efficiency.

Traditional TMS are considered laborious in nature when it comes to performance of certain activities such as processing the payroll of employees or billing clients etc also leading to a higher percentage of time consumption in a single process compared to the automated TMS wherein the process due to being automated in nature leads to reduction in time wastage along with production of results at a much faster pace and with lesser number of errors.

Traditional methods of timesheet management via timecards or punch clocks or even badge screening can sometimes lead to erroneous results. For example, an employee might not be able to punch in the clock - in that case the Human Resources or the respective manager has to manually put in the arrival or departure time in the system for that respective employee. The same can be the case with badge screening as well – an employee might forget their badge at home, making it a tedious process for the HR or the reporting manager and can also be considered as a more vulnerable process as the employee might use the badge of someone else to get in, often called as tailgating.

On the other hand, automated TMS can provide results with minimum to no error due to minimum to no manual interruption and every data being put in a systematic manner through a predefined line of path. The automated system helps in achieving accuracy and provides an account of tasks and activities which requires attention by the workforce and also helps in getting a better insight into utilization of time by the team members. The system can also result in potential learnings from work process and time tracking experiences.

In comparison with the traditional TMS, the automated TMS can be customized based upon organization type and department. An organization can create custom fields to make the timesheet cater to their own needs. By way of customization, the manual entry of data for special circumstances for individual employees in every pay period can be reduced to a larger extent.

In the Traditional TMS making corrections to spreadsheets or paper timesheets is time consuming and it can lead to late payment of wages, or payment of extra wages to be compensated in the next pay period. This can however, be overcome by the use of automated TMS in which minor corrections can be made in no time by editing the area required to be modified.

Traditional TMS such as paper timesheets are often stored with each department supervision and the employee might not have proper access to them. There are also high chances of loss of such timesheets, whereas automated TMS provide access to everyone involved. The access can be controlled depending upon the user so that they are entitled to only the required information. This allows faster processing and overall better time tracking management.

Automated TMS allows employers and employees especially in larger organizations to consolidate data from various departments, for the purpose of analysis of data in order to better understand the employees' time usage and would also help in distributing the workload according to their capacity in future. This in turn can also help boost productivity of employees.



## *Legal Requirements of Timesheet Management System*

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An effective TMS shall adhere to the legal framework within which organizations must use while operating with employees. Each country has several numbers of federal, state, local laws which organizations need to align in order to be compliant with the labor and employment laws. Therefore, an organization must process a TMS which is well suited to the needs of the organization as well as in compliance with statutory regulations.

However, a question might come into mind – “Are timesheets required to be maintained mandatorily by law?”

Well, the answer may lie within the labor and employment laws of the respective countries. The importance of timesheet compliance has been iterated as important, time and again by various regulations and via important judgements passed by the prestigious courts such as European Court of Justice, The Court of Cassation etc stressing on the maintenance of such a database. Timesheet compliance essentially refers to filling up of the timesheets accurately and correctly as per a set of standards which are pre-determined at the organization/industry or statutory level.

In the USA, the Fair Labor Standards Act (FLSA) requires the employers to keep records of hours worked by employees, but it does not prescribe a specific time tracking system or the method in which the working hours shall be recorded. And, if an employer wants to implement a sign off process, the same can be done, depending upon the type and method of time tracking system being used in the organization. Like in cases of a manual system, employees and employers might manually sign on a timesheet, and in case of automated system, the signature is assumed to have been given by the employee during the final submission of timesheets for approval process.

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## *Comparative Analysis of Timesheet Management Rules of Various Countries*

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The employer agrees to pay wages for the work performed by the employees and hence keeping a track of employee’s attendance is of utmost importance for the proper administration in an organization.

TMS are used worldwide in almost every organization irrespective of the size of the workforce and complexity in the business model. Countries follow different types of time management systems for the purpose of tracking attendance, leaves, rest intervals etc of employees working with the organization. Since, there is no single global regulation which applies to all organizations, most of the jurisdictions across the world follow certain kinds of regulation/law embedded either in the respective labor legislation or case law set as a precedent.

Even though there are no very specific TMS regulations for most countries, various jurisdictions have provisions prescribed either in their respective labor legislation or other national legislation which makes it mandatory to record the working hours, overtime etc of the employees. In the below paragraphs, we will discuss some of the laws and regulations with respect to time and attendance requirements across various jurisdictions

### **United States of America**

In the United States of America, irrespective of the type of the employer and size of the organization small, medium or large, the Fair Labor Standards Act (FLSA) provides that the employers shall maintain a system which is capable of timekeeping requirements. The FLSA requires that employers must keep accurate records of the working hours of non-exempt employees. The employers shall also track the overtime hours which are normally the hours worked by an employee over and above 40 hours in a week.

The law does not however make it obligatory for the employees to sign their timesheets, however such a practice of verifying timesheets can improve accuracy and help in any potential dispute with regard to wages and the hours worked by an employee.

For example, In California – As per the Labor code, all non exempt employees are required to accurately record working hours. The employees are required to accurately record their work hours via the use of a time card, an electronic timekeeping system or a handwritten record. Employees may also be asked to sign their time cards and confirm in writing that their time cards are accurate, but this is optional.

Michigan {MI Admin. Code Sec. 408.702(e)} law requires employers to keep records of total daily hours worked, showing the starting and ending times each day, computed to the nearest tenth of an hour or less.

## Canada

Under the Canada Federal law, an employer shall ensure to maintain records of an employee with respect to wages, overtime hours worked, general holidays and other particulars as may be required by the government authority for a period of at least 36 months from the date work was performed.

The law, however, might be varying across different provinces in Canada, such as in Yukon - An employer shall maintain a record for each employee with information relating to wages, overtime hours, and any other information as may be required by the regulations for at least a period of 12 months from the date each such record is made.

Whereas, in Ontario - an employer shall maintain records of each employee including names, addresses, wages, overtime hours and shall keep the record for at least 5 years from the date such record has been made, etc.

## European Union

The European Court of Justice (ECJ) in a ruling dated May 12, 2019, made it mandatory for employers across Europe to track employee's time and attendance. The ECJ ruling based on the "*Working Time Directive*" makes it obligatory for the employers to set up a system for daily recording of working time. The system shall be capable of recording all the hours worked by the employee including the overtime to ensure that the employers are in compliance with the minimum daily and weekly rest periods and avoid any potential disputes in future.

This ruling overrides the national laws of the various countries in Europe, though most of the countries are yet to bring amendments in their respective national laws, but this ruling takes precedence over other current existing laws.

## Spain

As per a Royal Decree (8/2019, of March 8) passed in Spain in line with the judgement of the ECJ on recording of working hours of employees requires the employers to record the employees' working hours each day including the start and end times of their working time. The employers shall also maintain and keep the record to be available for the purposes of inspection for a period of at least 4 years. Noncompliance with such law might land the organisations in paying hefty penalties.

## Germany

Though Germany has not brought an amendment in the labor legislation (German Working Time Act), before the ruling of ECJ came into existence, the German employers were required to record the overtime hours worked by an employee. The Working time Act makes it obligatory for the employers to "*Hours worked by an individual employee beyond the normal working hours limit of 8 hours per week and 48 hours per week*".

Appears to be just a matter of time before Germany brings changes into the existing Working Time Act with regard to the recording of time and attendance, since the ECJ ruling makes it mandatory for all the employers in the European Union to have a system in place for the recording of all working hours of employees and not just overtime hours.

## France

In France, the Labor Code (Code du Travail) has made it mandatory to monitor the daily working time of employees since 2008. The working time of employees who are subject to a collective working schedule - the monitoring of working hours is done by posting the schedule within the premises of the Company, with prior information to the Labour Inspector on a daily basis. Where individual working schedules are in place, working time is monitored each day, with a weekly summary. Employees are informed of their working time by monthly time sheets. In cases where overtime work is performed, employees are informed on a monthly basis, by a document attached to their pay slip of any acquired compensatory rest hours. The employer keeps a duplicate of employee payslips or payslips given to employees in electronic form for five years.

## Greece

In Greece, employers are required to maintain an electronic system which will have an online interconnection with a platform called "ERGANI" (to be renamed as ERGANI II in 2022) for the purpose of monitoring employees' working hours. A digital employment card will also be soon introduced in the legislature in early 2022, which will provide real time data to the ERGANI II platform. This will provide the starting and ending time of an employee's working time along with breaks, overtime hours.

## Luxembourg

As per labor legislation of Luxembourg, employers must record the following information in a special register or specific file with the following information such as the start and ending time of daily working hours, hours worked in excess of the normal working time, the hours worked on Sundays, public holidays or at night, and the payments made to the employees in respect of the working hours.

## Netherlands

The Dutch Working Hours Act (WTA) already includes an obligation for employers to have an appropriate working hours registration system in place. An employer shall keep a proper record of the working hours, including the start and end time of work and rest times.

## Poland

The Polish labour legislation provides rules on keeping working time records. There is no statutory template or system for recording working hours. The employer is obliged to keep records of working time, including overtime work. Working hours are not recorded for employees in relation to employees covered by the task-based working time system, managing the workplace on behalf of the employer and employees receiving a lump sum for overtime or night work.

## Portugal

As per the Labor Code (Law No. 7/2009, Sec 202, 231), the employer must keep a record of working hours which must contain the indication of the start and end times of the working time, as well as of the interruptions or intervals that are not included in it, in order to determine the number of hours worked per employee, per day and per week. The employer shall also keep a record of overtime hours of the employee.

## Romania

In Romania, under the Labor code of 2003, (Section 119), it is mentioned that the employer shall maintain at the workplace record of the working hours performed by each employee on a daily basis, mentioning the beginning and end hours of the work schedule. In case of mobile employees, employees who work from home and employees of micro enterprises, the employer shall keep records of the working hours performed on a daily basis by each employee.

## Sweden

Under Sweden labor code of 1982 (Section 11), the employers are not required to maintain recording working hours; however, employers are required to record overtime hours, on-call hours and additional time worked by the employees.

## Ireland

Under the “Organization of Working Time Act (OWTA), 1997”, (Section 25), an employer shall maintain in each place of business operated by the employer, a correct record consisting of employee’s working hours, wages, payroll records, etc of each of his/her employees at or in connection with that place of business for a period of not less than 3 years from the date of making of such a record.

## France

In France, employers shall record employee’s working time as per the French labor code (Art. L3243) (Code du Travail). The code requires the daily recording of each employee’s working time in the following cases (a) where there are individualised working hours or differentiated collective working hours within the same department or establishment or (b) employees with a fixed amount

of working hours. This has been in practice even before the ECJ judgement took place. The French Supreme Court has relied on the ECJ judgement in various litigation matters especially in cases relating to overtime claims by the employees.

## Finland

As per the Working Hours Act, No. 605 of 1996 (as amended, Section. 32), employers must register the remuneration paid for working hours, overtime work, etc, and maintain the book at least until the end of the claim period. The limitations for possible claims are: a) during employment, b) two years from the end of the calendar year in which the entitlement (for example, to overtime premiums) arose, and for two years after the end of the employment.

## Czech Republic

Under Act No. 262/2006 Coll., Labour Code, (Section 96), An employer shall maintain records of each employee specifying the beginning and end work shift, overtime work, night work and on-call periods.

## Belgium

Currently, there is no Bill or Legislation modifying the laws on working time recording in Belgium. However, in May 22, 2020, Brussels Labor Court of Appeal in a case related to overtime calculation, explicitly referred to the ECJ judgement and found that there was lack of “Objective, reliable and accessible system” on the part of the employer, and hence, the employer was under the obligation to provide the wages for the overtime to the claimant. Post the judgement, Belgian labor courts and Tribunals have time and again relied on the same and have provided that employers shall keep in place a system for recording of working hours.

## Austria

As per the Working Hour Act 1969 (Last amended 2018, Section 26), an employer shall maintain a record for employees which should contain the hours worked by employees and the beginning and duration of a reference period. The employer must keep records of the location, duration, and type of employment of all employees employed during the weekend, weekly, substitute, or holiday rest period as well as the substitute rest granted. The employer must keep records that show the duration of the paid vacation to the employee, the time during which the employee took his paid vacation, and the remuneration that the employee received for the duration of the paid vacation.

Due to lack of any kind of particular law or regulation on the timesheet management and the systems required to maintain such timesheets, and it is generally advised to keep employment records of all employees for at least a certain period of time because by maintaining the relevant employee records, an accurate view of resource allocation and utilization can be understood. This can help gauge productivity levels at an individual, functional and organizational level, and thereby take steps to improve productivity. Also keeping records is the first line of defense against lawsuits. Employers who fail to keep proper personnel records can face legal action based on various labor laws. Record-keeping requirements can sometimes get confusing given that there are numerous regulations that govern some aspects of employer record-keeping as there are laws and regulations on federal, state as well as local level regarding record keeping

requirements hence, it is advisable that an organization maintains a recording system for reasons such as for the purpose of assisting in the regulatory compliance, reducing litigation matters etc.

## Brazil

The Ministry of Labor made it mandatory in 2010 for companies with at least 10 employees to have an Electronic Time Clock system. Alternative systems, which include software, manual registration and use of analog equipment is also allowed. Such systems must be authorised by an Collective Labor Agreement, known in Portuguese as Acordo Coletivo de Trabalho. The alternative systems must follow the same general requirements as the Electronic Time Clock. These records must be kept for five years.

In Brazil, most of the employers commonly also use Time cards. The Brazilian legal system does not, however, mandate that the timecards have to be signed by the employee in order to be considered as valid. As long as the working hours have been properly tracked through any time management system and recorded, signature or no signature would not affect the validity of the timecards.

## Chile

In Chile, the employer has to keep a record of the hours worked each day, daily working time and overtime, days of sickness and periods of vacation. Furthermore, the employer is obliged to keep payroll information including the name and home address of the employee, date of birth, sex, occupation, agreed work and agreed hours of work.

Also, Chile via ORD. N ° 1140/27, says that – “The systems used for recording working hours, which are developed in accordance with the regulations, may function, temporarily, during the first 180 calendar days without the accreditation. After this period, they must demonstrate that they have successfully obtained the relevant certificate.” Attendance registration and control systems must be fully analyzed and reviewed by a legal person dedicated to certification. The entity that performs the verification of the system must issue a final report, indicating the tests to which it has been submitted. The final report will be structured in the same order contained in this official letter, and will expressly indicate compliance with all the requirements for the validation of the systems in question. The certification process must be repeated every 24 months, counted from the date of issuance of the previous certificate.

## United Kingdom

The laws concerning time and attendance requirements are governed by the labor legislation of the UK named as “Working Time Regulation of 1998”, (Section 9). The law stipulates that the employers must keep adequate records to show compliance with the 48-hour limit on the average week, protection for night employees showing that they do not work more than an average of 8 hours in any 24-hour period.

The law does not specifically require employers to track the rest breaks and rest periods but makes it only obligatory to maintain the weekly hours record. Such time and attendance records shall be kept for a period of at least 2 years for the purpose of any inspection by authorities.

## New Zealand

Every employer must keep a record wages and time record showing, in case of each the employee employed by that employer with details on the kind of work on which the employee is

working, the number of hours worked each day in a pay period and the pay for such hours, the wages paid to the employee in each pay period etc.

## Japan

The Japan Ministry of Health, Labor and Welfare issued “*Guidelines for Employers to Appropriately Manage Their Employees Working Hours*” on January 20, 2017. The Guidelines provide that the employers shall monitor employees’ working hours based on visual confirmation or shall maintain an objective record by using a timecard system or similar method. The Guidelines have been introduced as a measure to reduce the long working hours, which is a major concern in the Japanese working system.

## Australia

In Australia, the failure to record working hours is a breach of the “*Fair Works Act of 2009*”. The Act requires employers to make and keep records with a vast array of information. An employer is required to maintain record information for each employee which includes pay rate paid to employee, working hours, overtime hours, start and end time of overtime work done, leaves taken, amount of money cashed out for annual leave etc, if an employee is paid an annual wage under an award, employers are required to keep extra records for these employees. Employers have to keep time and wages records for 7 years.

Under an award, if an employer agrees for an employee to take annual leave in advance, the employer has to keep a copy of the agreement. The agreement has to say the amount of leave taken and the day the leave starts.

## Hong Kong

The employer shall maintain records of employees which shall include the total number of hours worked, wage period, name, addresses, periods of leave etc. Employers must keep the employment history of every employee for the preceding 12 months. In case of termination of employment, such records shall be kept for at least 6 months after termination of employment.

## Malaysia

In Malaysia, employers must prepare a wage ledger for each workplace, which shall contain the bases upon which wage calculations are made, the number of wages and any other information required by ministry ordinance. Employers must keep employee rosters, wage ledgers and other important documents concerning hiring, dismissal, accident compensation and other labor relations matters for at least a period of 3 years.

## Saudi Arabia

An employer shall maintain at the workplace records, statements, and files the nature and contents of which shall be specified in the regulations. The employer shall display at a prominent location at the workplace a schedule of working hours, breaks, weekly rest days and time of start and end of each shift, when operating in shifts.

As discussed above, though there is a general absence of clear and precise regulations specifically focussing on the methods of Timesheet Management System and recording of working hours via any other established systems such as the Collective Bargaining Agreement (CBA) form an important part of employer-employee relationship especially in European

countries. Some of the countries such as Italy and Germany give the employers an option to track the working hours of employees by a Collective Bargaining Agreement (CBA).

An effective TMS allows the employer to easily comply with the terms laid out in the CBA, ensuring they not only pay each employee the accurate amount of money as stated in the CBA, but they adhere to any maximum hour limitations the CBA includes. In addition, it makes it easier for the employees to track and manage their own time as well as the TMS allow employees to easily clock in and out of work remotely via a mobile device, without having to remember to keep their punch card or punch the clock.

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### *Conclusion*

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Timesheets are incredibly important to most organizations. Timesheets are an important requirement in order to accurately calculate the number of hours worked, especially for payment of compensation to employees. Regardless of the size of the company, employers are encouraged to have a TMS as it offers protection to them as well as employees in the event of any potential lawsuit that may arise with regard to wages, overtime hours, leaves etc. Even if an organization has a small number of employees, unmonitored time and attendance systems are not recommended.

TMS provides records in respect of employees in a very detailed manner. This just not provide information in regard to the working hours of the employees but also provide information related to rest periods, breaks, overtime hours performed by the employees etc which helps in accurate payment of wages to employees and avoid disputes between the employer and employees.

Systems for tracking time and attendance management are slowly but surely becoming an accepted standard worldwide. Though the manual system of attendance management is still being used across organizations with a relatively smaller size, the fast-growing organizations on the other hand are implementing a rather automated system for time and attendance management. Such a move would help improve accuracy in tracking working hours of employees and remove the chances of any fraudulent activity as well as reduce the error in calculation of wages, etc to a minimum.

As workplaces keep getting modernized and fluid, it has become more important than ever to clearly track the hours worked by employees. The employers shall maintain a TMS that can be accorded as a perfect record in times when the employer is facing an uphill battle trying to establish the fact that the employee was accurately paid and not no underpayment was done.

With technology growing at a rate faster than ever, the timesheet management is an important tool to gauge success and improve the balance sheet of an organization. A good TMS not only improves payroll processing and drives an organization on the path of success but also helps in maintenance of rules to ensure regulatory and organizational compliance.