



AUSTRALIAN PAYROLL ADVISORY SERVICES



Payroll Compliance Review

Objectives

- Conduct a full review of the pay environment to ensure pay conditions/ clauses that sit within the industrial instruments in scope are being interpreted correctly.
- Provision of a comprehensive Payroll Compliance Report presenting a clear analysis of interpretation issues and errors as well as immediate recommendations to de-risk the payroll function and ensure compliance with the sampled Industrial Instruments.

Our methodology does not only review what happens in the payroll office or in payroll systems, it starts when an employee arrives at work.

Our approach to Payroll Compliance Reviews is unique. We don't believe that the best outcomes come from sampling a small percentage of your employees and data. There is a better way.

In order to ensure a holistic view, Australian Payroll Advisory reviews all the interpretation within each industrial instrument in scope, to ensure all employees are covered by the process.

As per the below diagram, our methodology comprises of the following components: Industrial Instruments (enterprise agreements/ collective agreements and individual contracts), Superannuation, Termination Calculations, PAYG, Leave and Payroll Settings.

Methodology

Award Interpretation



As well as sampling a percentage of your employee outputs, we will audit your industrial agreements to ensure all employees are covered by the audit process.

By default, by auditing awards, we are checking your entire employee population.

To do this, we look at each agreement and determine all the payments and entitlements that exist, then find evidence where employees have worked the patterns that should trigger these payments or entitlements.

We will compare what the employees should have been paid to what they did get paid. If there are any discrepancies, we will work to understand how the issues have happened and recommend how it best be remediated.

Superannuation



By checking each of your pay codes is set up correctly in relation to superannuation, we will ensure that your SG obligations are being met.

Leave



Based on relevant legislation and your industrial instruments, we ensure that leave is being accrued, valued and paid correctly. We pay particular attention to the complexities of long service leave by jurisdiction.

Termination Calculations



We will check a variety of termination calculations to ensure that the correct methodology and payments are being made, and the correct withholding and reporting requirements are being met.

Payroll Settings



To ensure there is no 'set and neglect' in your payroll operation, we will check any incorrect payroll settings that might be contributing to errors, under or over payments.

PAYG Withholding



We will check each of your pay codes, including allowances, deductions, lump sum payments, and leave types, to ensure the correct PAYG withholding is applied and that the payments are reported correctly for Single Touch Payroll purposes.

Scope

Our scope includes 2 steps, as follows:

01

Compliance with Legislation

- Industrial instrument compliance
- Legislative requirements
- Superannuation
- Tax
- Single Touch Payroll
- Termination Payments
- Leave

02

Compliance with Legislation

- Risk Identification

Compliance with Legislation

Employers should maintain compliance with all relevant laws and regulations, including but not limited to Tax, Superannuation, and Fair Work Act/ Employment Relations Act requirements.

Employers must also ensure they are meeting their obligations under employment contracts, awards, and enterprise agreements.

Review industrial instruments and State and Federal payroll legislation to ensure salaries, hourly payments, penalties, rates or other entitlements are being calculated correctly.

Check all payroll compliance including with Superannuation, leave and termination calculations.

Risk

Identify any risks related to payroll fraud, regulatory fines, over or under payments and other compliance risks.

Deliverables

Payroll Compliance Report will be provided, presenting a clear analysis of interpretation issues and errors as well as immediate recommendations to de-risk the payroll function and ensure compliance with the sampled Industrial Instruments.

Payroll Process and Compliance Review



Our proven Payroll 360 methodology takes a structured and methodical approach, in an end-to-end assessment of an organisation's payroll operation and delivery of payroll best practices.

Objectives

- The Payroll Process and Compliance review ensures pay conditions/ clauses that sit within the industrial instruments in scope are being interpreted correctly and any optimisation is identified
- Australian Payroll Advisory identifies ways to optimise payroll process with simplification, standardisation, and governance at the core of all activities.



As per the below diagram, our methodology comprises of the following components: Industrial Instruments (enterprise agreements/ collective agreements and individual contracts), Superannuation, Termination Calculations, PAYG, Leave and Payroll Settings.

Methodology

Award Interpretation



As well as sampling a percentage of your employee outputs, we will audit your industrial agreements to ensure all employees are covered by the audit process.

By default, by auditing awards, we are checking your entire employee population.

To do this, we look at each agreement and determine all the payments and entitlements that exist, then find evidence where employees have worked the patterns that should trigger these payments or entitlements.

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Based on relevant legislation and your industrial instruments, we ensure that leave is being accrued, valued and paid correctly. We pay particular attention to the complexities of long service leave by jurisdiction.

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Payroll Settings



To ensure there is no 'set and neglect' in your payroll operation, we will check any incorrect payroll settings that might be contributing to errors, under or over payments.

PAYG Withholding



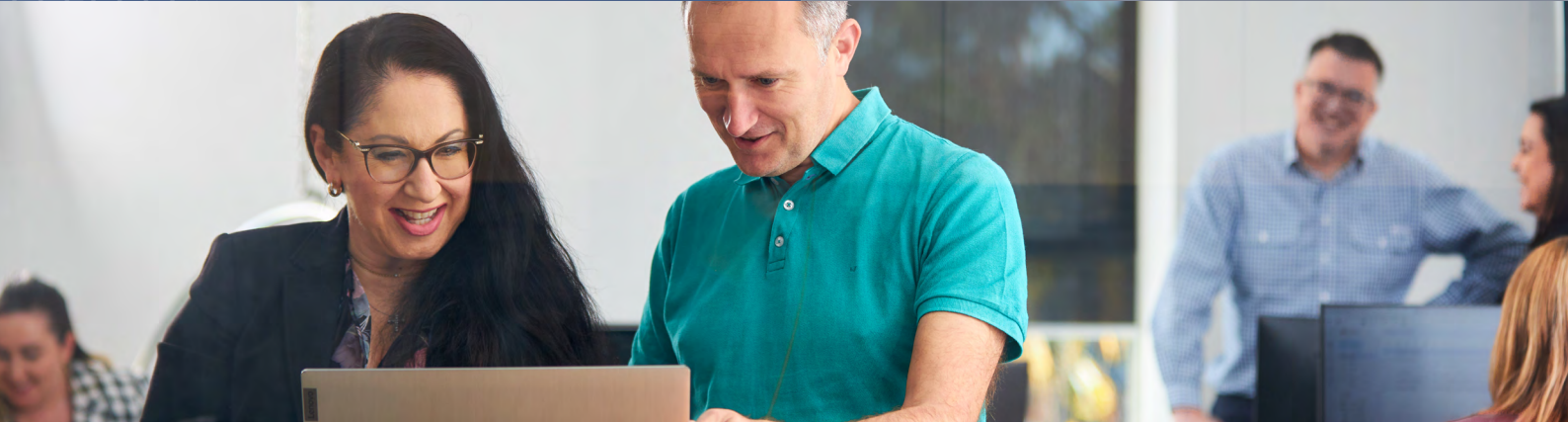
We will check each of your pay codes, including allowances, deductions, lump sum payments, and leave types, to ensure the correct PAYG withholding is applied and that the payments are reported correctly for Single Touch Payroll purposes.

Deliverables

- A Payroll Process and Compliance report will be provided following the review of governance, controls, systems, processes, procedures, inhouse knowledge and compliance.
- The report will make immediate, short term and medium-term recommendations to optimise the payroll function and ensure compliance in all aspects of payroll and industrial instrument interpretation.
- Recommendations will also be provided in order to address any control issues and the current governance framework, as well as ways to increase efficiency and reduce risk in the payroll function including benchmarking and change of delivery model or technology if required.

Payroll Optimisation Review

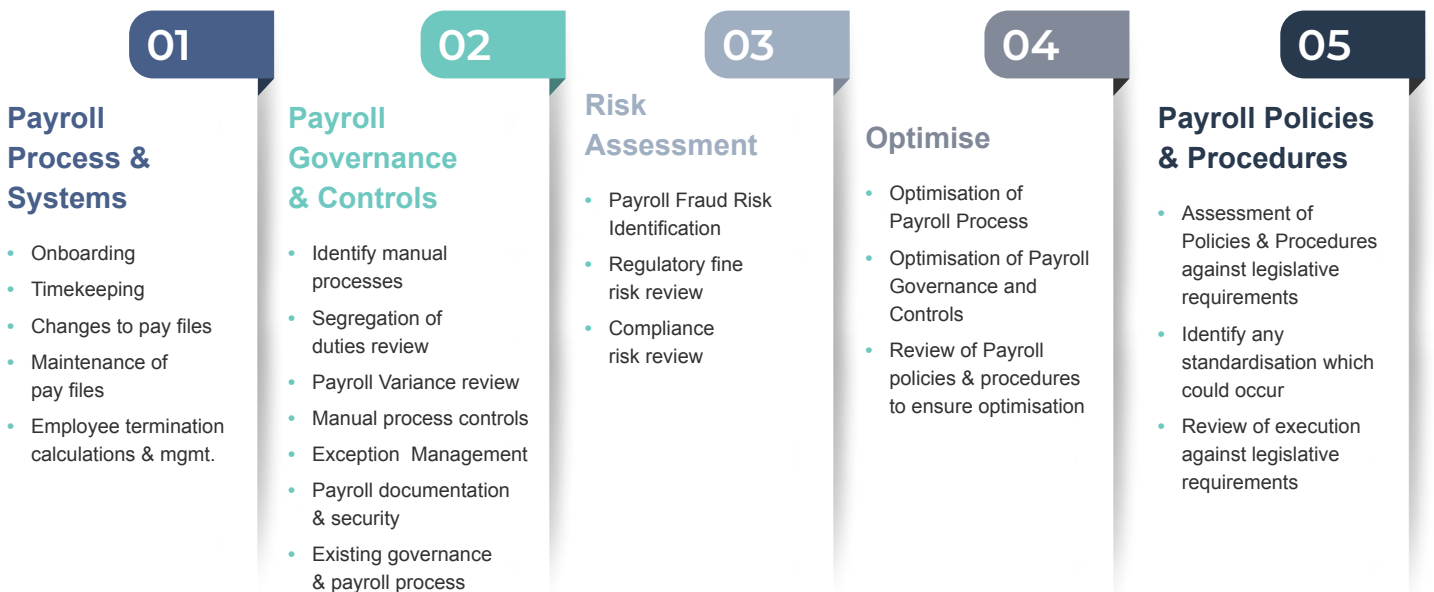
The Australian Payroll Advisory identifies ways to optimise payroll process with simplification, standardisation, and governance at the core of all activities.



Objectives

- Identify any control issues in the payroll process and the governance framework.
- Increase efficiency and reduce risk in the payroll function.
- Assessment of policies relating to payroll against legislative requirements.

Scope



Deliverables

Payroll Optimisation Report including immediate, short term and medium-term recommendations and subsequent prioritised action plan to ensure an optimised payroll delivery model.

System Implementation Support



Objectives

- Outputs generated during the payroll implementation phase accurately reflect the interpreted pay conditions as outlined in the industrial instruments.
- Support the Customer's Payroll team to ensure each Industrial Instrument is interpreted correctly within Payroll.

Consulting Support will be delivered across two core areas these are:

- Industrial Instrument Interpretation and Compliance Support
- Payroll Environment Testing Support & Resolution

The Australian Payroll Advisory will ensure the outputs generated during the environment build and system testing phase accurately reflect the pay conditions as underpinned by the various industrial instruments.

Support will involve partnering with the Customer's Payroll team to ensure each Industrial Instrument is interpreted correctly, incorporating the below components.

- Pay Codes
- Leave Accruals
- Long Service Leave
- Superannuation
- Termination calculations
- Work Patterns
- PAYG Withholding
- Payroll Continuity

Scope

01

Environment Build

- Provide payroll wage accuracy and interpretation Support
- Work as part of the customer's implementation team
- Ensure industrial instruments are interpreted accurately in discovery documentation

02

System Testing

- Participate in system scenario testing
- User Acceptance testing Support
- Document all defects and ensure these are rectified and tested

03

Parallel Run Analysis

- Review Payroll outputs in legacy Payroll VS new Payroll platform
- Document all defects and ensure these are rectified and tested

04

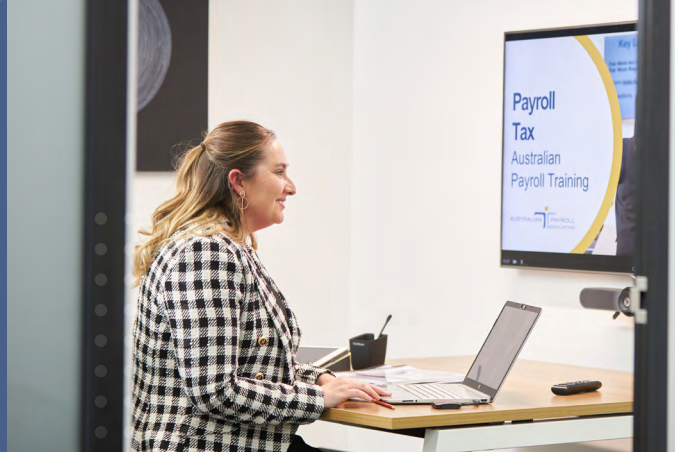
Go Live

- If post go live award interpretation issues, support customer in finding the root cause and subsequent resolution

Deliverables

- Accurate Discovery documents before being built in the new environment.
- System scenario tests sign off to ensure the new environment produces accurate and compliant payroll outputs.
- Parallel run outputs review, through a comparison of what the new environment has paid VS what was paid in the legacy environment.
- Following Parallel run analysis, the provision of a report detailing under and overpayments as well as the underlying common root causes.

Technology Procurement



Objectives

Determine the best Technology solution that meets the customer's long-term people and pay strategy.

Methodology

Our proven methodology takes a structured and methodical approach to payroll technology procurement.



PHASE 1

STEP 1 - End to end walkthrough

Understanding your end-to-end people and pay process.

STEP 2 - Risk assessment

Understand your 'showstoppers'. This may be related to size of vendor, key person risk, reputation for service levels, data storage location and many other criteria.

STEP 3 - Requirements

Work with key stakeholders to ensure the requirements document is accurate, and relevant and will support the procurement process.

PHASE 2

STEP 4 - Initial market scan

Liaise with potential vendors with a view to identifying those who could deliver to your requirements and budget.

STEP 5 - Written responses

Obtain written responses from potential vendors based on your requirements documents.

PHASE 3

STEP 6 - Scripted Workshops

Vendors are invited to present their proposed solutions based on a scripted workshop (2 hours) and documented payroll requirements, processes, and calculations.

STEP 7 - Scoring

Scoring can be based on client determined weightings. A preferred vendor may be required to do a further presentation on areas that require deeper understanding or clarity.

Deliverables

Selection of the best Technology solution

Remediation



Objectives

- Identify the most likely cause of payroll compliance related issues through a comprehensive payroll Remediation process.
- Highlight immediate recommendations to support the correct application of the industrial instruments ensuring compliance is met and payroll processing risks are reduced.

Our established methodology adopts a structured and systematic approach to recalculating payroll.

This is undertaken through our Digital Compliance Tool, which includes a sophisticated mathematical engine for complex industrial agreement application and bespoke coding configurable as issues arise.

In order to identify any pay variances for current and former employees (to quantify a payroll back payment), we will compare what the employees should have been paid, compared to what they were entitled to be paid for each pay period.

Scope

01

Risk Optimisation

- Identify current risks and areas of non-compliance which need evaluation.
- Review industrial instruments for related risk areas

02

Formal\Informal Employee Agreements

- Capture award rule interpretation for all employee agreements
- Historical timesheets, schedules and payroll data

03

Recalculation and Analysis

- Pay Variances
- Underpayments & overpayment identified
- Root cause of pay variances

04

Review

- Remediation Summary Report - Quantify and report potential liability based on analysis

Deliverables

Payroll Remediation Report - highlighting a breakdown of underpayments and overpayments per pay cycle for the period of data in scope, by each individually impacted employee. In addition, the report details the most likely cause, e.g. overtime, penalties, allowances.

Payroll Recalculation



Objectives

- Identify the most likely common cause of payroll compliance related issues through a comprehensive payroll recalculation process. The process will be supported by a sample data set that covers a small number pay cycles of pay data.
- The output from the recalculation process will identify whether further Recalculation or Remediation is required.

Methodology



Award Interpretation

We will identify when employees have worked patterns which triggered payments and entitlements within your industrial instruments.

From a select sample, we will compare what take employees should have been paid to what they did get paid.

If there are any discrepancies, we will work to understand how the issues have happened and recommended how it best be remediated.



Superannuation

By checking each of your payroll report, we can conduct a high-level check on pay components to ensure superannuation obligations are being met.



Leave

We will review leave payments to ensure they are valued and paid correctly based on relevant legislation.



Termination Calculations

We will check a variety of termination calculations to ensure that the correct methodology and payments are being made and taxed in accordance with legislation.



PAYG Withholding

We will conduct a targeted check on pay components, including allowances and deductions in the payroll report to ensure that correct PAYG withholdings is being applied

Deliverables

Payroll Remediation Report including:

- Summary of all dashboard issues.
- Breakdown of underpayments and overpayments per employee per pay period. The report details the most likely cause of the non-compliance, e.g. overtime, penalties, allowances.
- Breakdown of overpayments per employee per pay period.
- Immediate, short term and medium-term recommendations to ensure compliance in all aspects of payroll and the interpretation of the modern award.
- Prioritised action plan based on recommendations which are urgently required as well as short- and medium-term initiatives, to ensure the payroll operation is compliant.

BOOT Assessment



Objectives

- Identify any payroll compliance related issues through a targeted Payroll BOOT Assessment process. The process will be supported by a sample data set that covers 1 pay cycle of pay data within the 2023 Financial year.
- The output from the BOOT Assessment will identify whether any team members have been underpaid team members as well as any individual employees whose annualised salary is in a range that requires review.

This is undertaken through our Digital Compliance Tool, which includes a sophisticated mathematical engine for complex industrial agreement application and bespoke coding configurable as issues arise.

The Digital Compliance Tool will compare recorded hours worked against the remuneration received to ensure each individual's pay per their individual agreement has better entitlements than the relevant award for the one pay cycle of data sampled.

This process will cover:

- Hourly pay rates
- Overtime rates
- Penalty rates or other entitlements
- Leave and leave loading
- Shift loading
- Sleep overs, breaks and any other monetary entitlements that relate to the awards

In order to identify any pay variances for current and former employees for the one pay cycle of data, we will compare what the employees should have been paid, compared to what they were entitled to be paid for each pay period.

Scope

01

Risk Optimisation

- Identify current risks and areas of non-compliance which need evaluation.
- Review industrial instruments for related risk areas

02

Formal/Informal Employee Agreements

- Capture award rule interpretation for all employee agreements
- Historical timesheets, schedules and payroll data

03

Recalculation and Analysis

- Comparison of hours worked VS remuneration received
- Pay Variances
- Underpayments & overpayments identified

04

Review

- BOOT Assessment Report - Quantify and report potential liability based on analysis

Deliverables

BOOT Assessment Report - detailing all under/overpayments of the pay cycle/s for the period in scope, by each individually impacted employee.

PayReview Small Business



Objectives

- Identify any control issues in the payroll process and the governance framework.
- Increase efficiency and reduce risk in the payroll function.
- Complete a high-level review of the existing pay system/s.

Scope



People

Employers should provide ongoing training and development to all employees involved in payroll processing. We will review capability, levels of support and training in the payroll team.

Process

Review payroll process and the documentation that exists to support it. This step will include a review of your existing payroll procedures.

Payroll Governance and Controls

Identify strength of governance and controls in the payroll process.

Systems

High level review of the current usage of Payroll to ensure the set-up is optimised and support best practice payroll processing and management.

Deliverables

PayReview Report – with key recommendations and advice within process, governance, controls, systems and inhouse knowledge.

PayCompliance Small Business



Objectives

- Conduct a targeted compliance review of the pay environment to identify common areas of non-compliance in relation to industry, Fair Work and Australian Taxation Office employer obligations, reducing the probability of incurring fines and penalties from the governing statutory bodies.

Our methodology reviews the most common areas of non-compliance based on industry, Fair Work Enforceable Undertakings and key areas of non-compliance as reported by the Australian Taxation Office.

In accordance with the industry and or industrial instrument specified in clause 2.1 and the ATO, the most common areas of non-compliance include – but are not limited to:

- Penalty rates
- Minimum wages
- Allowances
- Termination payment
- Superannuation on OTE
- PAYG on termination payments, allowances and lump sum payments
- STP reporting

Our calculation and compliance framework will target these key areas.

Methodology



Award Interpretation

We will identify when employees have worked patterns which triggered payments and entitlements within your industrial instruments.

From a select sample, we will compare what the employees should have been paid to what they did get paid.

If there are any discrepancies, we will work to understand how the issues have happened and recommended how it best be remediated.



Superannuation

By checking each of your payroll report, we can conduct a high-level check on pay components to ensure superannuation obligations are being met.



Leave

We will review leave payments to ensure they are valued and paid correctly based on relevant legislation.



Termination Calculations

We will check a variety of termination calculations to ensure that the correct methodology and payments are being made and taxed in accordance with legislation.



PAYG Withholding

We will conduct a targeted check on pay components, including allowances and deductions in the payroll report to ensure that correct PAYG withholdings is being applied.

Deliverables

PayCompliance Report - The report will provide key findings in relation to common areas of non-compliance from a Fair Work and an Australian Taxation Office perspective.