

# Workforce Governance

NZPPA 9th Annual  
Payroll Leaders Summit



21 July 2023



# Presenter

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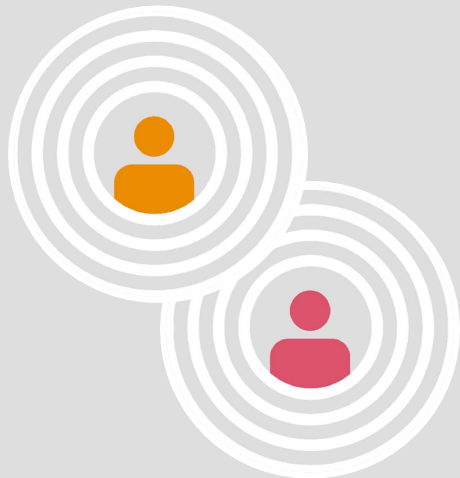


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1

Wage Trust

2

Bargaining

3

Governance





# Landscape

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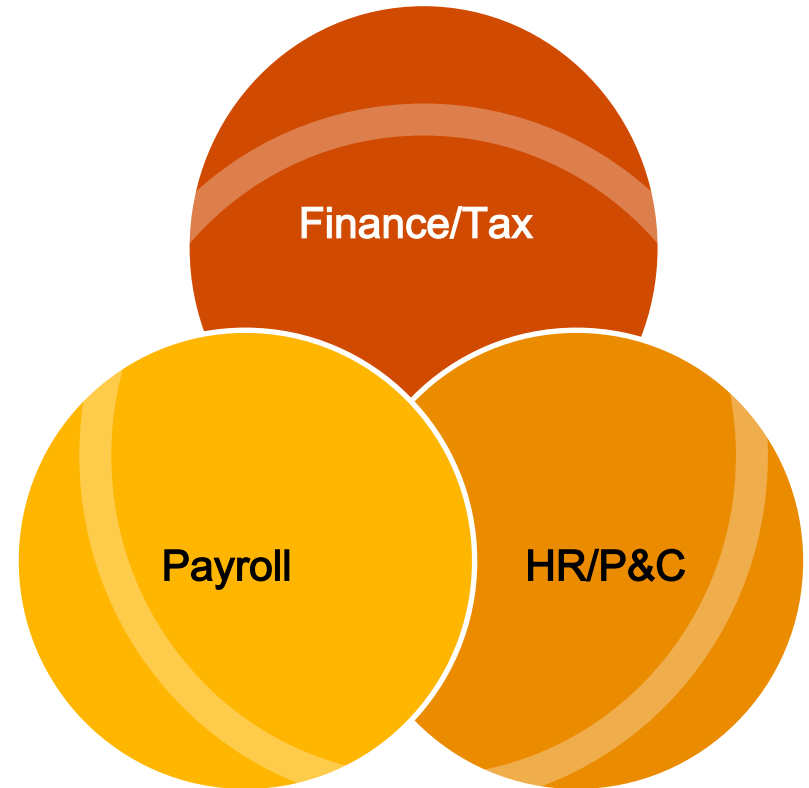
## Regulatory

- Tax governance
- Increased focus on employment taxes by Inland Revenue e.g. FBT regulatory review, targeted questionnaires, risk review activity
- Data visibility and analytics
- Changing legislation



## Changing workforce

- Staff recruitment / retention
- Wellbeing
- Remote / hybrid working





# When it goes wrong - tax examples

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01

Changing the timing of payments for tax reasons



02

s123 payments



03

Non-taxable allowances



04

Accommodation



05

Payment due date missed





# When it goes wrong - FBT examples

01

FBT/PAYE distinction



02

Spreadsheet errors



03

Alternate rate calculation



04

GST on fringe benefits



05

Motor vehicle exemptions



06

Capturing unclassified benefits





# Governance Journey

Organisations need to move up the curve

## Reactive

### Policy

A fit for purpose Tax Risk and Governance Policy ("TRGP") exists and is applied in tax decision-making.

### Documentation

The TRGP is widely communicated and tax processes and key controls are properly identified and documented.

### Design effectiveness

Tax, finance and other processes are tested for design effectiveness and to ensure they align with the TRGP and the tax risk appetite of the organisation.

## Proactive

### Operational effectiveness

Tax, finance and other processes are tested for operational effectiveness - through interviews and process walkthroughs to ensure they are working in practice.

Analytics performed periodically using D&A tools at transactional level.

Processes are re-designed where they do not have sufficient tax controls.

## Ongoing monitoring and testing

Processes, risks and controls affecting tax are monitored and tested on an ongoing basis.

There is strong senior oversight of tax risk and all stakeholders have an understanding of the tax risk appetite.

Continuous auditing using technology to monitor and track risks and control effectiveness. Dashboards to monitor exceptions.

Key input into internal audit plan.

## Predictive

## Real time monitoring and oversight

Processes, risks and controls are monitored real-time, at transactional level.

Risks and control weaknesses are identified and mitigated proactively.

Tax data is interrogated and analysed to predict and manage risks.

Risks and controls are monitored and tracked digitally. Dashboards and alerts given.

# Thank you / Ngā mihi

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