NZPPA

Strengthening payroll compliance

pwc

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Presenters

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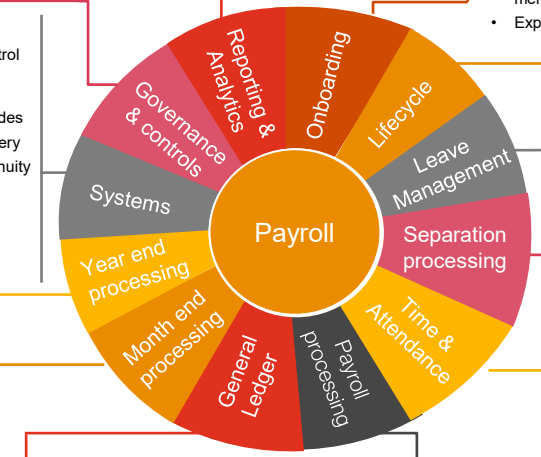
Agenda

1. Compliance requirements in New Zealand
2. Successful payroll transformations
3. Steps to strengthen compliance

1

Compliance requirements in New Zealand

New Zealand payroll responsibilities



Reporting & Analytics
- Business Specific
- Headcount / FTE
- Movements and Transfers
- Turnover
- Position Vacancies
- Statutory (e.g. Child Support)
- Board
- Budgeting
- Employment Confirmations
- Employer Share Scheme Reporting
- Costing
- Demographics/Diversity
- Visa Review/Tracking
- Operational Metrics

Onboarding
- New employees
- Contractors
- Board members
- Expats

Lifecycle
- Personal Detail Maintenance
- Transfers (Company/Location/Costing)
- Job changes (e.g. working hours or working pattern)
- Remuneration Changes
- Schedule/Roster Changes
- Payment Frequency Changes
- Payroll Changes (e.g. Weekly to Fortnightly)
- Allowances/Deductions – Company
- Allowances/Deductions – Legislative
- Allowances/Deductions – Collective agreement
- Tax code changes
- KiwiSaver changes

Governance & Control
- Audit – Internal / External
- Segregation of Duties
- Sign Off / Approvals
- Record Retention
- Policy Design/Development
- Project Management
- Standard Operating Procedures
- Document Management
- Process Maps
- Training Material

Systems
- Organisation Structure
- Position Management
- Individual/collective agreement Setup
  - Span of Hours
  - Shifts/Penalties
  - Overtime
  - Allowances
  - Leave
  - Public Holidays
- Reference/Control Record Maintenance
- Updates/Upgrades
- Disaster Recovery
- Business Continuity Planning

Leave Management
- Annual leave
- Sick leave
- Bereavement leave
- Alternative public holiday
- Parental Leave
- Keeping in touch days
- Leave Without Pay
- Special/Other Leave
- ACC leave
- Purchased Leave

Separation processing
- Resignations / Contract expiry
- Abandonment of employment
- Constructive dismissal / Dismissal
- Redundancies / Repatriation
- Retirement
- Deceased

Year end processing
- Reconciliation
- Business Reporting
- LTI/STI/Bonus Payments
- Annual Salary/Performance Review Adjustments
- Annual Wage Code Reviews (KiwiSaver/PAYE)
- Taxation/ACC Updates

Month end processing
- Third Party Payments (e.g. Health/Union/Lease)
- Business Reporting

General ledger
- General Ledger Postings
- Leave Liability Movement
- Clearing Account Reconciliations
- Expense Account Reconciliations
- On-costs/Accruals

Payroll processing
- Importing T/A Data
- Leave Applications
- Hours Adjustments
- Allowance/Deduction Adjustments
- Costing Overrides
- Variation Reports
- Validation Reports
- Payroll Detail/ Summary Reports
- Payroll Reconciliation Report
- Reconcile/Balance Payroll
- Banking Reports/Files
- Costing Reports
- Close Payroll
- KiwiSaver contributions Employer Superannuation Contribution Tax
- PayDay Reporting
- Business Reporting
- Off Cycle Payments

Time & attendance
- Time Collection
- Collective agreement interpretation
- Variation Reports
- Validation Reports
- Export to Payroll
- Quality Assurance

Common compliance challenges

- Non-compliance with Holiday Act provisions
- Manual processing without established controls
- Inaccurate treatment of allowances for KiwiSaver and PAYE purposes
- Limited documentation supporting key processes
- Technology is no longer supported or reached end of life

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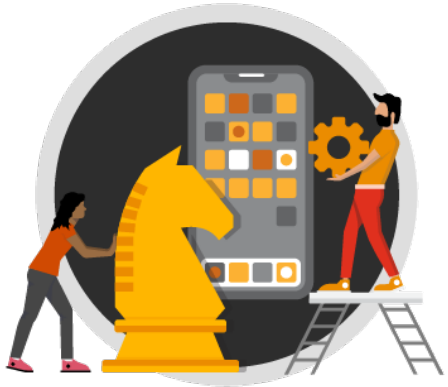
Successful payroll transformations

What is payroll transformation?

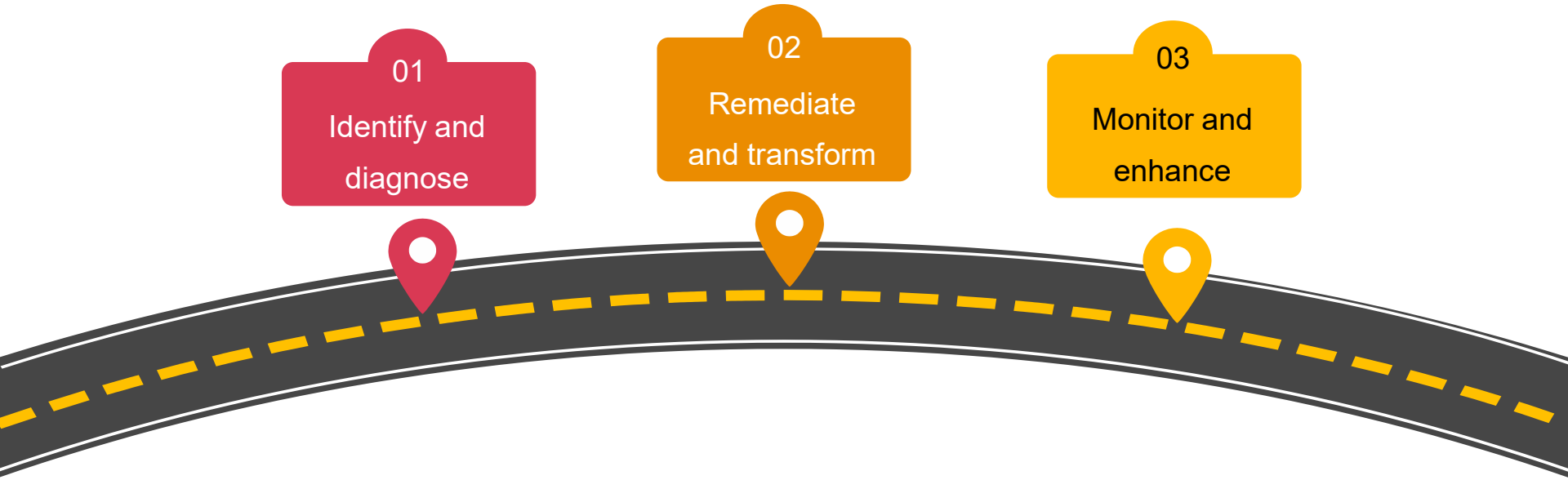
> “The process of implementing improvements across payroll delivery, focusing on improvements to people, processes, technology and governance.”
>
> *Daniel Lonie*



- Payroll transformation can be targeted initiatives, it doesn’t necessarily need to be an overhaul of an entire function.
- Payroll transformation is often required when strengthening payroll compliance for employers, and it’s important to get it right!

Key drivers of payroll transformation

Transformation horizons



Attributes of a successful transformation

Universal attributes

- Getting the right people involved. This may include Payroll, HR, Finance and Legal
- Establish a clear objective and success criteria
- Establish roles and responsibilities
- Keep a record of risks and decisions made
- Communication is key!
- Consider change management activities early

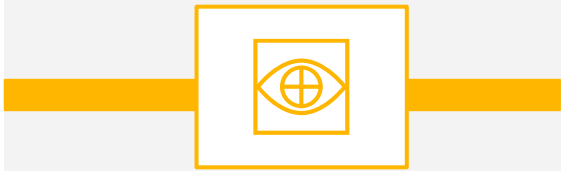
Attributes of a successful transformation

Identify and diagnose

- Perform an assessment of the current state
- Assess business risk and quantify impact
- Prepare a business case

Remediate and transform

- Set a timeframe to implement
- Involve the right subject matter expertise
- Check in and review progress on a regular basis



Monitor and enhance

- Gather feedback
- Review key performance indicators and adherence to service level agreements
- Reporting and analytics
- Consider future enhancements

Example - Query management solution

Transformation driver

Payroll team had difficulty managing SLA timeframes for query responses. There was limited reporting capability to identify trends/themes

Objective

Reduce burden on payroll team and improve efficiency for employees.

Identify and diagnose

- Large volumes of payroll queries (circa 2000 per month)
- Current system was not fit for purpose

Remediate and transform

- Defined business requirements, conducted an RFP with demo evaluation
- Developed knowledge base articles and templated responses
- Implemented new technology introducing new capabilities

Monitor and enhance

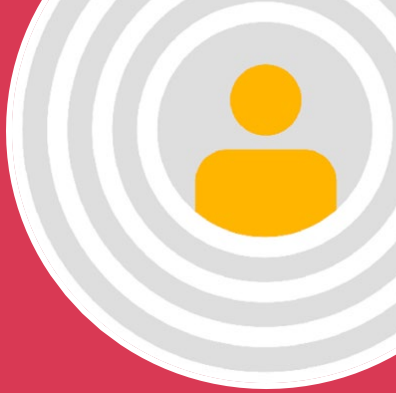
- Reduction of payroll queries
- Dashboard overview of aged queries for escalation
- Knowledge base article feedback mechanism
- Expand capability to develop employee forms for processing

Key takeaways

- Transformation is an enabler of compliance (if it is done right!)
- Payroll should be involved throughout the transformation journey
- Document objective/s and keep a record of risks and decisions made
- Plan realistic timeframes for implementation/change management
- Monitor and review effectiveness post transformation

3

Steps to strengthen compliance



Steps to strengthen compliance

1 Education and training

- Be a member of a professional association (e.g. NZPPA)
- Attend training sessions and networking events
- Educate your colleagues

Steps to strengthen compliance

2 Perform timely reviews of key compliance areas

- Set-up of allowances
- Test the application of the Holiday's Act
- Ensure process and control documentation is updated

Steps to strengthen compliance

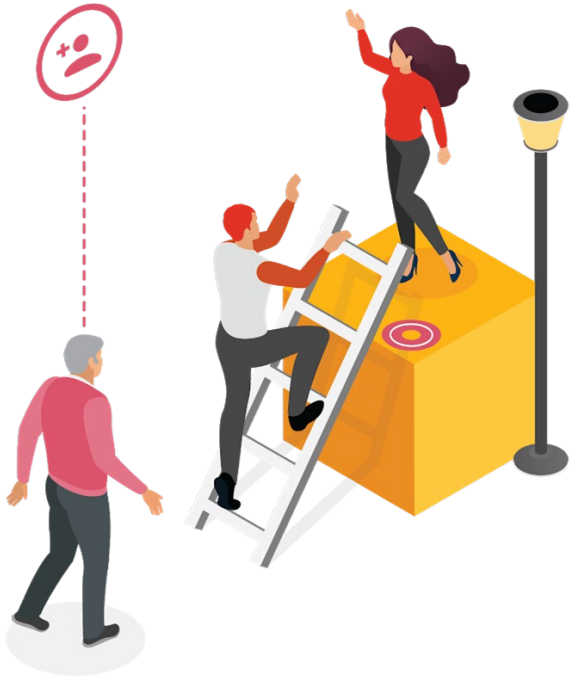
3 Adopt a continuous improvement mindset

- Encourage your team to get involved
- Document improvement opportunities
- Regularly review and assess progress

Steps to strengthen compliance

4 Know when to get support

- Escalate to your leadership team
- Call in the specialists



Questions?

Connect with us

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Thank you

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