



# Think People, Think Pay

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# Think People, Think Pay

Australia has one of the most complicated workplace relations frameworks in the world comprised of multiple layers of regulation in the form of legislated standards, awards and enterprise agreements. What makes it even more challenging, is that it is constantly changing.

High profile cases of wage underpayment and overpayment with impacts to brand and reputation, significant liabilities and the threat of new criminal offences for serious breaches are prompting businesses to ask “are we sure we are paying correctly?”

Wage compliance and integrity affects all industries – there’s no one sector that is immune to underpayment or overpayment issues.

Whether you are embarking on a review of your payroll issues or well progressed in working through wage and compliance matters, KPMG is ready to assist you to achieve your payroll outcomes. We have proven track record of working successful with clients by providing pragmatic subject matter expertise on wage integrity matters as an advisory services partner or independent expert / assurance provider.

KPMG ThinkPay offers a multi-disciplinary team combining specialist capability across Risk, Assurance, Workplace Relations Advisory, Employment Law, Tax and Data Analytics all in one place.

By drawing on our subject matter experts, KPMG is uniquely positioned to help you navigate the complexities of your payroll environment.

# Why is it so important to Think Pay?

**Your people:** Getting pay right is the responsible and fair thing to do

**Your reputation:** Getting it wrong creates risk of brand and reputational damage.

**Your culture:** Being proactive will help build 'corporate culture' that promotes looking for issues and addressing them at their source before they are uncovered by third parties.

**Your exposure:** There is a risk of significant historical liability if issues are not identified, harsher penalties and potential criminal liability for employers, officers and individuals

**Your risk profile:** Getting it wrong can result in greater regulator scrutiny, including heightened risk of enforcement activities and investigations by the Fair Work Ombudsman, ATO and others



# "Payroll is important because your people are important"

Experience tells us there are a number of factors which have the potential to lead to vulnerabilities that heighten risk of payroll and wage compliance issues.



## Workforce Mix

- Incorrect use of casual, fixed term and contracted labour
- A lack of due diligence when engaging external labour
- Increased regulator focus on of vulnerable employees including young people, migrants, apprentices and trainees



## Operations

- Multiple and complex awards and enterprise agreements
- Dynamic, high turnover and seasonal workforces (e.g. hospitality, retail and horticulture)
- Franchisee and multi-store owner models
- Employers with complex rosters and working patterns, often spanning nights and weekends
- Workplaces where salaried employees' working hours are not properly recorded or monitored



## Governance and Operating Models

- Set and forget payroll practices, that are not reviewed or updated on an ongoing basis
- Payroll systems that are not accurately configured to the rules in awards and enterprise agreements
- Payment of salaries to employees covered by awards and enterprise agreements that may not satisfy entitlements
- Lack of workplace relations literacy among those responsible for paying correctly
- Systems that are decentralised or require significant manual intervention
- Gaps in data captured, including time and attendance data

# Working with you:

KPMG's multi-disciplinary team brings together deep experience and expertise including risk assurance, workplace relations, employment law and payroll data analytics.

Central to our approach is the delivery of practical solutions and services to help you identify and address wage and payroll vulnerabilities in your business, investigate and quantify the underpayment and provide guidance on the remediation steps that may be required. Through KPMG Law, we are also able to provide legal advice about your employment obligations.

Our KPMG ThinkPay proposition is made up of four key service offerings:



Our **experience** allows us to provide practical advice in relation to your obligations under awards and enterprise agreements.

Proven data analytics modelling approach to calculate exposure provides the **assurance** you need to take proactive action.

**Flexibility** in our ways of working means we adapt our scope and approach to your unique requirements.

Our **KPMG** cross-team approach means you benefit by having the right capability in one place ensuring the right experience when you need it most.



## How do I know I have an issue?



**We will help you identify potential vulnerabilities in your payroll environment, through:**

- a self-assessment of your workforce profile, employment arrangements, payroll systems and governance arrangements;
- a debrief to discuss potential areas of non-compliance and exposure.

## What are the extent of my issues?



**We will help you understand the potential size and value of the issue so you can take proactive action.**

We work flexibly with our clients to create a fit for purpose scope, including the following elements:

- Vulnerability Assessment – understand your areas of vulnerability by undergoing a detailed risk-based assessment of your industrial instruments, maturity of processes and systems;
- Wage re-calculation – identify the size and value of the exposure.

## How do I fix my issues?



**We will help you protect your brand and fix the issues uncovered through:**

- Employee payments remediation – remediate with confidence, including design of a bespoke program to back pay impacted employees. This extends to your employee communication strategy, employee hotline and contact services, regulator engagement strategy, payment acceptance monitoring and workflow management of live cases.
- Business remediation – take steps to address the causes of underpayment at their source including designing new policies, processes and controls to address gaps identified. We can also provide support in reconfiguration of your payroll systems to ensure they meet your awards and enterprise agreement requirements

## How do I make sure I don't have this issue again?



**Choose from a suite of services to help you adapt and transform while reducing risk and maintain compliance on an ongoing basis. These include:**

**Compliance** – ongoing payroll compliance and governance reviews.

**Operate** – end to end payroll services for small to medium enterprises through Payroll Connect.

**Advisory** – provision of subject matter expertise on employment law, workplace relations and enterprise bargaining, payroll systems, superannuation and taxation matters.

**Transform** – design and delivery of payroll/HR programs to support workforce transformation, system implementation and optimisation.

# Our experience and credentials

The following case studies demonstrate our experience and capability in supporting clients with their payroll compliance



## KPMG's Approach

We look at your payroll environment to better understand your organisation's workforce profile, employment arrangements, payroll systems and governance arrangements

### KPMG has worked closely with clients to:

- Undertake vulnerability assessments of the payroll environment taking into account governance, systems, onboarding and employee classification, salary arrangements and employee entitlements;
- Undertake vulnerability assessments of awards and enterprise agreements to identify complexity, ambiguity and provisions presenting high risk of error;
- Test pay accuracy, including analysis of large volumes of historical payroll data over extended periods of time recalculate pay and identify shortfalls and over payments
- Identify superannuation treatment of wage codes;
- Recalculate superannuation shortfalls for disclosure to the ATO;
- Identify system configuration errors
- Analyse the efficiency of manual payroll processes.

### KPMG has helped clients by:

- Developing strategies to communicate the magnitude of the impact to key stakeholders and determine the appropriate steps forward;
- Preparing voluntary disclosures to the ATO and reports outlining client legislative obligations and data analytics methodology;
- Identifying opportunities for improvement for future enterprise bargaining and payroll operations
- Ensuring payments to individuals were remediated.

### Facilitating transformation projects including:

- Implementation of industry leading Human Capital Management systems;
- Optimising payroll and workforce management systems through integrated solutions for time management, dynamic rostering and payroll application
- Implementing enterprise bargaining strategies to simplify and streamline industrial instruments.

## Key Benefits & Outcomes

Identification of red flags which may lead to vulnerability and risk

- Detailed assessment of payroll and wage vulnerabilities and recommendations for addressing gaps and risks.
- Quantification of potential exposure based on deep investigation into actual and historical payroll data points.

- Future orientated remediation program put in place to support back payment of shortfalls in wages, super, and tax.
- Supported client's engagement with regulators, including the ATO and Fair Work Ombudsman.

- HR platforms designed around being highly configurable, allowing changes to an organisation's business process and reporting configuration without timely and costly changes to the system.
- Enterprise bargaining strategies developed to support future enterprise agreement negotiations.

## Industry experience

We have supported clients across a wide range of sectors including:

- Banking, insurance and financial services
- Retail and hospitality
- Health, aged care and community services
- Power and utilities
- Manufacturing
- Higher education and early learning
- Motor Vehicle
- Horticulture
- Cleaning services
- Government

# KPMG ThinkPay - core team



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