

What you should know about Payroll

04 March 2018 by [Kearin Pollard](#)

Getting payroll wrong can prove to be very costly for the employer. Retrospective adjustments going back 6 years, along with financial penalties imposed, are potential consequences of getting it wrong.

What do MBIE, ANZ, BNZ, Fonterra, Progressive Enterprises, The Warehouse, Ryman Healthcare plus 18 other companies have in common? They were all part of the payroll investigations in 2016 that led to \$35 million in arrears paid to 26,000 staff. You may think that this could only happen to larger organisations, but, as you see in the media on a weekly basis, it is happening to small businesses throughout New Zealand.

10 KEY FACTS YOU SHOULD KNOW

1. No one is perfect and no system is perfect.
2. Getting payroll wrong is a high risk for any business and if not identified quickly can prove to be very costly for the employer.
3. As your company grows, the complexity of the payroll process multiplies accordingly.
4. More often than not, the employer is genuinely unaware that their payroll system and processes are not compliant.
5. General observations made are that calculations of the various leave types as contained in the Holidays Act 2003 are not always correct and therefore breach the employer obligations.
6. Payroll costs are near the top of any organisation's overall operating costs.
7. Those people assigned the responsibility of managing and processing payroll are often left unsupported and left to make decisions based on their knowledge and experience alone.
8. Putting it simply, the correct interpretation of NZ employment legislation can be difficult and those administering payroll systems and processes can easily get it wrong. This also includes those providers of payroll systems.
9. Never assume everything is right. Critically examine what calculations are being made and why and how.
10. Unfortunately, too many assume that the outputs from any payroll system must be right, as that is what was provided at time of purchase.

Employers are strongly encouraged to consider having their payroll processes independently reviewed to establish if they have a problem to be concerned about. Baker Tilly Staples Rodway have the capability to conduct such an independent audit of your payroll systems and process for you. Contact your usual Baker Tilly Staples Rodway representative to find out more.

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