

Eliminating Payroll Errors

Payroll errors are the stuff of nightmares. They frustrate your employees (or worse) and frequently gain the attention of unions, authorities or the press. All best avoided.

The payroll process begins with the capturing of time worked and leave taken. Even when automated with systems such as time clocks, this process involves humans and errors can occur (*staff forget to clock out, etc.*). Any such process should therefore include automated checks for the most frequent errors wherever possible, but also must include a separate checking process. Usually an employee's manager would approve timesheets before they are submitted to payroll. An employee could check their own timesheets, but clearly an independent check is a better option.

Changes to employees, their details or terms and conditions, work patterns, etc. also must be kept up to date to ensure that the payroll can then be calculated correctly. This is where a lot of payroll errors start as it is difficult for the payroll manager to know whether they have correctly interpreted information about an employee that they do not know. When you request a

change, you should receive and check a confirmation of the change that was made following your request.

Once timesheet data is uploaded to payroll, the payroll manager will take over. Unfortunately there are many steps that cannot be automated. The payroll manager will have no way of knowing if the hours that have been entered are indeed what the employee should be paid. For example 8 hours incorrectly coded to overtime will not necessarily be identified as incorrect. The payroll manager will calculate the pays based on the information that has been supplied.

To identify errors, our payroll software produces a variety of reports and these should be checked by someone who is familiar with the employees being paid. This checker must be independent of the payroll manager (*no one does a good job of checking their own work*) and must also be familiar with the workforce being paid. Typically the best person to review the results is the reporting manager who will be familiar with the workers, the hours they have been working and the conditions that they are employed under. Reports can be sent out to individual managers containing just the employees they are responsible for. Upon reviewing the reports they should know whether anything feels wrong.

The payroll manager depends on this check.

Once reports have been distributed, checked and approvals returned to the payroll manager, the payroll can be finalised and payments made. The next check will then be made by the employee who will generally be pretty quick to point out if they are paid something other than what they were expecting. **It should be possible to avoid any errors getting this far through the process if:**

1. Timesheet data is properly checked and approved before passing to payroll,
2. Payroll staff use modern software that facilitates automation where possible and reporting that is easily able to be interpreted by management,
3. Payroll reports are properly checked by staff familiar with the employees being paid.

Regardless of who is running your payroll, eliminating errors will be dependent on good checks at points **1** and **3** above.

If you would like any help in eliminating errors from your payroll processes, or in fact help with any payroll problems, give us a call on **0800 72 97 97** and ask for our specialist consultant, **Donna Delaney**.

April 2016 Tax Changes

ACC Earner Levy Rate

The Earner Levy Rate for the 2017 tax year will decrease from **\$1.45** to **\$1.39** for every **\$100** of liable earnings. This applies to all pay periods ending on or after the 1st of April. The effect of this is that employees can expect a small increase in take home pay as a result of the decrease.

ACC Earner Levy Maximum Liable Earnings

The maximum liable earnings for the ACC Earner levy will increase from **\$120,070** to **\$122,063** for all pay periods ending on or after the 1st of April. Any income above **\$122,063** will not be subject to the ACC Earner Levy.

Taxation of Annual Leave Payments

Inland Revenue has been aware of some uncertainty by employers on the correct tax treatment of holiday pay and so issued an Operational Position late last year to clarify their position (<http://www.ird.govt.nz/technical-tax/op-positions/op-position-calculating-pay-holiday.html>).

A payment of holiday pay can be either treated as "Salary and Wages" in which normal PAYE tax tables apply or as an "Extra Pay" which requires rates for extra payments to be applied. The method used depends on the circumstances in which the holiday pay is paid.

Other Legislative Changes

New Minimum Wage Rates

- The adult minimum wage rate will increase from **\$14.75** to **\$15.25** (*before tax*) an hour.
- The Starting-out wage and training minimum wage will also increase from **\$11.80** to **\$12.20** (*before tax*) an hour.

A detailed guide has been published on our website. Visit us at:

<http://www.datacompayroll.co.nz/Insights/Legislation-Updates/>.

Should you have any further questions, give us a call on **0800 72 97 97**. We look forward to your enquiry.

MyPay (Version 2)

We have been listening to your feedback since MyPay's initial release last year and we have been working continually on development taking it from strength to strength.

As more and more people are reliant on mobile devices, we want to ensure that our payroll mobile app will provide you with a great user experience and information that is pay related in the palm of your hands.

- **Home Screens** – Users can now toggle between the 'Next Pay Day' and 'Leave Overview' screens. The app will recall the screen in which you last exited the app from, this screen then becomes the landing screen the next time you use the app.
- **Leave Overview Screen** – Provides you with a few leave options allowing you to apply for leave directly on this screen. However, this screen is dependent on the company's configuration and only available to companies that have their 'Annual Leave' visibility set to all employees.
- **PIN** – Set-up a 4 digit PIN to access MyPay on your mobile device instead of using your desktop log-in details (*User Name AND Password*) to gain access.
- **Notification Pop-Ups** – Notifications can be enabled (*or disabled*) once you have registered with a PIN login.
- **Notification Types – Employee Level:**
 - 'Pay Day and Payslip Ready'
 - 'Approver Leave Withdrawn or Leave Rejected'
 - 'Approver Leave Approval'
 - 'Approver Leave Updated'
- **Notification Types – Approver Level:**
 - 'Employee Leave Request'
 - 'Employee Leave Changes'
 - 'Employee Leave Withdrawn'
- **Push Notification Deep Linking** – Upon clicking the 'Notification Pop-Up' you will be redirected to the 'Notification Type' page providing you with further details on the notification.
- **Guest View** – Your colleague can login through your mobile device and view their pay details and have no visibility of your pay details.



In the process, we have given it a new look and you can expect MyPay V2 to be in your hands this month. We will be progressively adding a lot more functionality to make the app better and more useful for you... keep an eye on our progress.

If you would like to find out more on MyPay V2 or share your thoughts with us contact us on **0800 72 97 97**.

The Employment Standards Legislation Bill

The Employment Standards Legislation Bill has been passed and is effective on 1 April 2016.

The bill is a series of amendments to existing legislation with the purpose of promoting fairer and more productive workplaces by providing enhanced protections and benefits for both employers and employees through a number of improvements to the employment relations – employment standards legislative framework.

Specifically it:

1. Extends paid parental leave payments from **16 to 18 weeks**, increases the availability of the scheme to more workers including those that have non-standard working arrangements, and increases flexibility of the scheme through changes such as "**Keeping in Touch Days**" and allowing greater flexibility in the use of extended unpaid leave.
2. Provides stronger and more effective enforcement of employment standards through enhanced powers of Labour Inspectors to request information from employers and share information with other agencies, significantly higher penalties for serious breaches of employment standards available in the Employment Court, the ability for Labour Inspectors to issue infringement notices (*fines*) for breaches of record keeping and extending accountability to persons other than the employer if they are knowingly or intentionally involved in a breach of employment standards.
3. Prohibits employment practices that undermine the mutuality of obligations in the employment relationship. Such practices include what are described as "**Zero Hour Contracts**" in which employees receive no guarantee of work and yet are required to be available should work become available, and unreasonable wage deductions where deductions are taken from an employee's wage as a result of a loss or damage caused by a third party that the employee had no control over.

More information on this bill and the changes to the Acts can be found here: <http://www.mbie.govt.nz/info-services/employment-skills/legislation-reviews/employment-standards-legislation-bill>

Employers should in particular make sure that their employment records are complete and kept up to date. Details of the records that need to be kept can be found here: <http://www.employment.govt.nz/er/starting/relationships/wagesandrecords.asp>

This information may be housed in multiple locations which could include your payroll, your time and recording system, or your employee personnel files. Whatever the case may be, it is important that you be able to retrieve this information if requested by your employees or a labour inspector.

The last payroll upgrade you'll ever need.



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We'll discuss what will suit your needs - big or small.

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