



Proactively assuring payroll practices and brand reputation in an international M&A

Client:

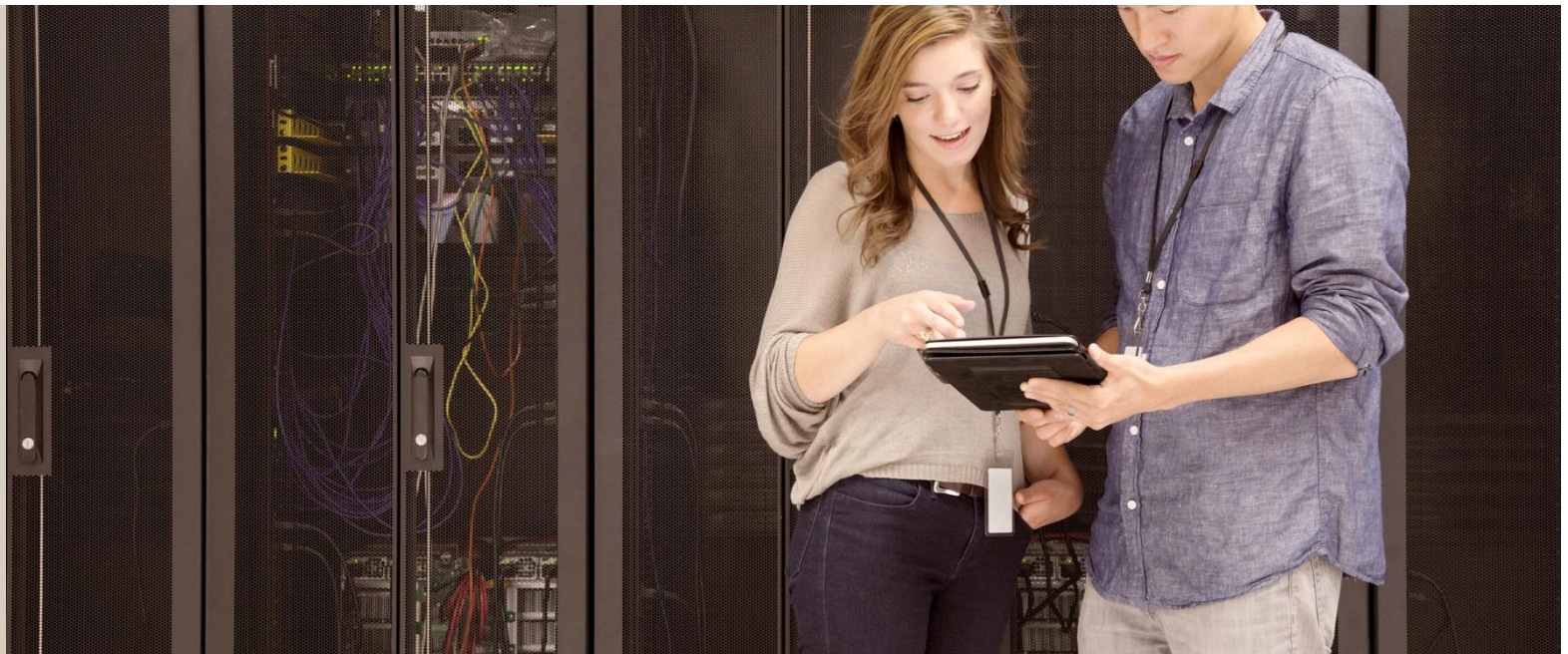
A global listed company

Client challenge:

Identifying and rectifying issues around payroll on the back of a global M&A

Grant Thornton services:

Pay eView: Forensic Consulting, Data Analytics, Tax, Superannuation



A merger and acquisition typically brings much value and many opportunities to all key stakeholders of a transaction. But it can also expose issues – often long-term retrospective issues – that must be addressed.

An acquisition by a global listed company involving an Australian company triggered the discovery of payroll assurance exposure points. A team Grant Thornton was engaged to identify and rectify the issue.



Client challenge

When a global listed company undertook an international acquisition, it inherited a small Australian subsidiary of another global company. A range of post-acquisition reviews were then undertaken to ensure a successful amalgamation. In doing so, inconsistencies were identified around how the two businesses paid their people. Specifically, relating to the hourly pay rates between employees of the two Australian companies.

The Fair Work Ombudsman is cracking down on employers who have not taken due care in how they pay their employees. Therefore, to maintain both brands' reputations, minimise government penalties and ensure a smooth and successful transition, Grant Thornton was engaged to assess and test their application of their industrial relations obligations.

The solution: Grant Thornton's Pay eView

The team – led by the firm's forensics and tax experts, backed by dedicated-technology for data analytics and automation – undertook a confidential review. It included reviewing salary and wage payments spanning a seven-year period for the acquired company, which was subject to numerous complex award arrangements impacting each individual employee.

The team also advised on all statutory obligations, overseeing the disclosures and reporting to relevant authorities on the back of the findings.

The outcome

There were numerous employment agreements, awards and EBAs relating to their workforce being managed by a legacy payroll system, combined with a lack of routine payroll data validation. Our analysis spotted examples of significant under-reporting of salary, wages and superannuation.

Our team, also skilled in disputes relating to payroll assurance risk, helped the client to proactively escalate their issue by obtaining legal advice, further minimising the impact of their payroll discrepancies.

This reduced the overall liability by more than \$100,000.

“An M&A can lead to a range of issues to address that go beyond the transaction itself. Issues that can ultimately make or break a deal. Payroll is one significant area. Businesses must proactively assess and test their application of their industrial relations obligations for both parties as part of their deal integration.”

Darryn Hockley
Partner, Forensics
Grant Thornton

