



A CASE STUDY



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A2+B Payroll

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When Aberdeen based chartered accountants Anderson Anderson and Brown LLP (AAB) launched its payroll department back in 2010, it set itself some exacting objectives, not least of which was to provide stellar customer experience and service that would add true value to its clients' businesses. Considering that payroll client numbers have grown significantly since then – from three clients at launch to approaching 110 just three years later – A2+B Payroll, as the department is branded, is clearly delivering on its promises.

Recognition of the firm as an established payroll provider in a highly competitive market came in November 2012 when it won the Payroll World Awards 'Payroll Team Award - Bureau/Service Provider'. This achievement was trumped in October 2013 when it not only won the Payroll Team Award for the second year running but also the 'Specialist Payroll Provider Award', as well as being shortlisted as a finalist for a third category, the 'Payroll Provider Award'.

"The awards were a terrific boost for the payroll team, recognising the dedication and hard work by our people in providing innovative solutions and

exceptional service to clients," says Kevin Mann, a Tax Partner at AAB.

AAB had decided to offer clients a high quality payroll outsourcing service as part of the firm's drive to become a 'one stop shop for all finance and accounting needs' – an approach that has played an important role in helping the firm become one of Scotland's leading independent firms of chartered accountants. Indeed, this status was acknowledged when the firm won the 'Accountancy Firm of the Year' title at the 2013 Scottish Accountancy Awards.

AAB's 12 partners and over 190 staff provide specialist business and accounting related advisory services for clients ranging in size from multinational, global players to SMEs and sole traders operating locally. It covers a very broad variety of markets but the firm as a whole has built a particularly strong reputation in the Oil & Gas sector, perhaps a natural evolution given that Aberdeen is regarded as the Oil & Gas capital of Europe. These clients rely on AAB to advise them on complex international operations, dealing with UK and international tax compliance, providing guidance on

social security regulations, global employment arrangements, and of course, paying their people.

"We reached the point where clients were increasingly asking us whether, instead of us simply providing them with advice on how to manage dual wage tax withholdings (both UK PAYE and overseas wage tax), we could take over the practical running of their payroll, making sure their people were paid accurately, on time and in line with each country's specific legislation," explains Gary Johnstone, Payroll Senior Manager for A2+B Payroll. "In essence, they wanted to outsource their payroll function to an organisation that understands the intricacies of their international business operations. So late in 2009 we decided to look for a payroll processing system that would enable us to offer a high-quality bureau service."

But just any old payroll system wouldn't do. A key requirement was that as well as meeting the traditional needs of UK clients and HMRC requirements, it should be able to handle expat payrolls. This was essential if A2+B were to service its

Oil & Gas clients whose geographic headquarters might be in the USA, the Middle East or the Nordics, with many of their people working overseas.

The firm's search for the ideal solution led to Star Computers, recognising its capability to provide first-class software incorporating expat payroll, as well as a long-established payroll bureau management system.

"The expat capability was a key element in selection of the Star solution. It allows us the flexibility we need to cater for the widely varying requirements of onshore/offshore multi-jurisdiction employee payroll. Without this module we would never be able to cope with the large multi-national companies up here," Gary Johnstone said.

Star Payroll Professional's Expatriate option is a comprehensive software package for processing the complex requirements of expat payrolls. Used by many of the UK's leading bureaux, financial institutions and international corporates, the module has powerful and flexible functionality that enables A2+B Payroll to profile how their clients' individual employees' pay and benefits are processed. Star also provides an ePayslips option – a self service payslip facility that significantly reduces employers' administration costs and provides employees with secure internet access to current and historic payslips, 24 hours a day, and 365 days a year. This is especially useful for people working offsite and overseas.

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"I think Star's Bureau Management System module (BMS) is unique in the bureau marketplace," Gary Johnstone continued. "We certainly saw nothing like it during our selection project. It's fine to have a powerful payroll engine but with multiple clients, all with different deadlines, and multiple payroll operators here at A2+B it is vital to have a higher level management tool – Star's BMS provides this. Payroll processing today is such a complex procedure, heavy with multiple deadlines and potential penalties and pitfalls. The BMS module allows us to control the whole operation, with plenty of the flexibility we need in a busy changing world, and concentrate on delivering a quality service to our clients. In fact, so important is the tool to us that we promote BMS to potential clients as one of the key reasons they should choose us to manage their requirements."

So A2+B Payroll has the payroll systems and administrative tools it needs to underpin its service delivery,

but what really makes it stand out from the pack is the blend of experience and skills that support its client organisations' HR and payroll functions.

"Our Employer Solutions team for the Oil & Gas market differentiates us significantly from other payroll providers in that we provide an integrated service covering payroll, UK and international tax, technology, wealth management and accounting services, all under one roof," Kevin Mann adds. "This includes specialist tax and social security advice specific to complex offshore arrangements with unique individual legislation, such as mariners, divers, offshore employment companies and internationally mobile contractors and employees.

"And we integrate all this into a practical, working payroll solution. We operate a number of non-UK payrolls – for example, for clients with staff working in Norway, Denmark and the Netherlands – and by using the Star Expat module we are able to advise

upon and manage the impact of any double wage tax withholdings and the resultant impact on net pay, so securing any commercial benefits available for clients. This is backed by proactive identification of potential tax and payroll issues which we discuss with clients and track through a monitoring tool for their internationally mobile employees."

A2 + B's Payroll Professional includes Star's PRE flexible reporting tool. This stands for 'Pay Run Extractor' and, as the name implies, allows clients to draw out information relating to each individual payroll calculation run performed by the software. "Without PRE, meeting client ad-hoc client reporting requirements would prove both costly and take longer. It allows us to say 'yes' to more of their requests, build these reports into their regular reporting pack and often save finance and HR teams significant time in budget and forecasting cycles," Gary Johnstone comments.

"There are plenty of reports built into the Star system but it is inevitable that some clients will have requirements unique to themselves – in fact they will sometimes want a report only once to help them assess a situation and glean

an answer which would otherwise have to be assembled from a range of standard reports. And getting the output directly into Excel is handy as the reports are often used to support further analysis at the client end. We have also used PRE to improve our own reconciliation procedures."

With a focus on adding value to their clients' businesses, the proactivity of the firm's Employer Solutions team extends to continuous improvement of both internal processes, procedures and systems and also those of their clients. Team members are encouraged to develop strategic client relationships and work in partnership with them to provide excellent levels of service. These relationships have been especially valuable when the firm's staff, clients and Star Computers' software specialists came together to deal with HMRC's RTI (Real Time Information) PAYE reporting system and Pension Auto Enrolment legislation – two of the most significant payroll related legislative changes in recent years.

"RTI is a fundamental change in the way in which PAYE information is sent to HMRC," Gary Johnstone adds. "We engaged with the initiative at a very early stage, enrolling a number of

clients in the HMRC sponsored pilots to ensure we were all up to speed and in the best possible position before the system went live.

"Most employers are now routinely reporting PAYE in real time but we are monitoring developments around the changes announced by HMRC in its consultation document called 'Offshore Intermediaries Legislation'. Potentially, this may have wide-ranging effects across a raft of employers but most notably for those who have employees working on the UK Continental Shelf.

"Whatever decisions are finally taken, businesses will have to familiarise themselves with a new set of PAYE and NIC cost and regulatory considerations relevant from 6 April 2014. Needless to say, we'll continue to advise clients while ensuring we'll be ready to apply new directives. We are also preparing for Pension Auto Enrolment as clients approach their staging dates."

The aftermath of these latest initiatives may well provide good material for the 2014 round of Payroll World Awards entries. Perhaps we shouldn't tempt fate but a hat-trick of three years' success would be a fantastic accolade for AAB, its staff and its clients.