



## How Corient Resolved a Three-Year Pension Contribution Error

### Highlights

- 1 Corrected 3 years of incorrect pension contributions
- 2 Identified and resolved payroll software misconfigurations
- 3 Ensured full compliance with TPR and HMRC regulations
- 4 Educated the client and employees on pension scheme corrections
- 5 Prevented future errors by restructuring payroll processes

## Introduction

Corient Business Solutions specialises in helping businesses navigate complex payroll and pension challenges. One of our clients, a mid-sized company, approached us after realising they had been incorrectly managing their pension process for nearly three years.

The issue wasn't just about numbers—it was about ensuring employees received the correct pension contributions, complying with HMRC and The Pensions Regulator (TPR), and fixing fundamental payroll errors. What seemed like a straightforward correction soon unraveled into a multi-layered problem requiring meticulous adjustments and strategic intervention.

We helped them turn a compliance nightmare into a success story.



## The Initial Problem: What Went Wrong?

The client had been managing their pension process internally, but due to incorrect setup and data mismanagement, they had been submitting incorrect pension contributions for three years. The core issues included:

- ◆ **Incorrect Pension Contributions** – Employee and employer contributions were underpaid, leading to discrepancies in payroll records.
- ◆ **Payroll Software Misconfiguration** – The pension scheme was set up incorrectly in their payroll system, causing ongoing errors.
- ◆ **Compliance Risks** – The company was at risk of penalties from TPR and HMRC due to underreported contributions.

Upon realising the extent of the issue, they reached out to Corient for a solution.

## Corient's First Solution: The Fix

Our first step was to conduct an extensive audit of the client's payroll and pension records. We identified the discrepancies and created a plan to correct them.

- ▶ **Data Audit & Analysis**—We prepared a comprehensive report comparing the incorrect pension contributions to the required amounts. This helped the client understand the financial discrepancies and compliance risks.
- ▶ **Pension Scheme Correction** – We identified errors in the pension scheme setup and recommended the necessary corrections to ensure accurate contributions moving forward.  
Payroll Software Adjustments – We rectified the pension scheme details in the payroll system to prevent future miscalculations.
- ▶ **Client Education & Compliance Assurance** – We guided the client on TPR and HMRC regulations, explaining the importance of accurate pension contributions.  
The company's payroll and pension contributions were on the right track with these fixes. However, a new issue emerged when we thought the problem was solved.



## The New Problem: A Surprise Roadblock

As we implemented the corrections, we faced additional challenges:

- ▶ **Weekly Payroll Complexity** – The client operated on a weekly payroll schedule, making it difficult to backtrack and adjust three years' contributions.
  - ▶ **Regulatory Compliance Challenges** – TPR and HMRC required detailed justifications for the corrections, adding an extra layer of scrutiny.
  - ▶ **Resistance from the Accountant** – The company's accountant hesitated to adjust, fearing potential complications with past financial records.
  - ▶ **Employee Communication Issues** – Many employees didn't fully understand how pension contributions worked, making it difficult to explain the necessary changes.
- These unexpected hurdles required a strategic approach to resolve.

## Corient's Second Solution: Fixing the New Problem

We devised a structured plan to tackle each challenge systematically.

### Step 1: Processing Backdated Adjustments

- ◆ We manually adjusted payroll records for the past three years to reflect the correct pension contributions.
- ◆ Each employee's payroll history was updated to ensure accuracy.

### Step 2: Demonstrating the Impact with Clear Reports

- ◆ A detailed comparison of payslips before and after the correction was prepared.
- ◆ Employees and the client could see the corrected deductions and contributions.

### Step 3: Modifying Payroll Software for Long-Term Accuracy

- ◆ We restructured the pension scheme set up within the payroll software to prevent future errors.
- ◆ Automated checks were implemented to flag discrepancies before payroll submission.

### Step 4: Ensuring Compliance with TPR and HMRC

- ◆ We liaised with TPR and HMRC to explain the corrections and ensure compliance.
- ◆ All necessary documentation was submitted to avoid penalties or further scrutiny.

### Step 5: Overcoming Resistance and Gaining Approval

- ◆ We provided a risk assessment highlighting the consequences of not implementing the changes.
- ◆ The accountant and management team were reassured that these corrections were legally required.

These steps resulted in a fully compliant, error-free payroll and pension system.

# OUTCOME



## The Final Outcome: Success Story

- 🕒 All pension contribution errors were corrected, ensuring employees received their rightful entitlements.
- 🕒 The payroll system was fully updated, eliminating the risk of future pension miscalculations.
- 🕒 The business achieved compliance with TPR and HMRC, avoiding potential penalties and legal complications.
- 🕒 Employees gained confidence in their employer's payroll accuracy, improving workplace trust and satisfaction.
- 🕒 The client's accountant, initially hesitant, was ultimately convinced of the importance of these changes and appreciated the structured, data-driven approach.

## What the Client Said



"Corient didn't just fix our payroll mistakes; they educated us, guided us through compliance challenges, and ensured we won't face this problem again. We now have complete confidence in our payroll and pension processes."

## Key Takeaways: Why This Matters for Businesses

- ✓ Payroll and pension errors can accumulate over time, leading to significant compliance risks and financial liabilities.
  - ✓ A well-structured pension scheme setup is crucial to avoid underpaid contributions.
  - ✓ Regular payroll audits can help businesses detect and correct issues before they escalate.
  - ✓ Expert guidance ensures compliance with regulatory bodies like TPR and HMRC.
  - ✓ Clear communication with employees about payroll changes enhances trust and transparency.
- At Corient Business Solutions, we specialise in resolving complex payroll and pension issues, ensuring businesses stay compliant, efficient, and stress-free.

 Facing payroll or pension challenges? **Contact Corient today** to safeguard your compliance and payroll accuracy!