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Strengthening Governance of Pay Compliance in Australian Universities

PaidRight welcomes the opportunity to contribute to the Expert Council's work to improve governance in Australian universities. Our submission focuses on one critical area: ensuring universities meet their legal obligations to staff under industrial awards, enterprise agreements, and national employment standards.

"Ensuring that universities are good employers providing a supportive workplace – and, importantly, a workplace where staff can have confidence that they will not be underpaid for the important work they do"

Recent years have seen repeated underpayment scandals across the sector. These are not isolated incidents, but symptoms of deeper governance failures. Without strong oversight of pay compliance, universities risk legal exposure, reputational damage, and a breakdown of trust with their workforce.

We recommend three clear steps to address this risk:

1. **Establish board-level accountability for pay compliance**
2. **Adopt shared standards for defining and measuring pay compliance in the university context**
3. **Embed independent, ongoing assurance processes**

PaidRight's background

PaidRight is Australia's leading payroll compliance technology platform, built to help organisations streamline payroll accuracy with cutting-edge solutions. Our platform leverages advanced technology to review every shift of every employee, offering three core services: a Payroll Risk Assessment, a robust Wage Remediation tool, and the PayPrecision product for ongoing compliance monitoring.

Founded in collaboration with CSIRO's Data61 in 2017 and independently established in July 2020, our Sydney-based team is committed to leveraging innovative technology to restore trust between employers and employees when it comes to pay.

The governance gap

In too many cases, pay compliance is treated as an operational matter, not a governance issue. Yet the risks are significant: millions of dollars in backpay, regulatory intervention, reputational harm, and serious impacts on staff wellbeing.

Several universities have publicly acknowledged systemic underpayments, particularly affecting casual academic staff. Investigations reveal common causes:

- Ambiguity over who is responsible for compliance
- Complex industrial instruments poorly understood by leadership
- Limited internal expertise and fragmented systems
- No structured audit or assurance process

These are governance failures — and they require governance-level solutions.

Recommendations

#1. Establish Board-Level Accountability

Pay compliance must be treated as a governance issue — not just an operational risk. Currently, responsibility for ensuring compliance with industrial instruments is often fragmented across HR, finance, academic units, and legal teams, with ****no clear line of accountability to the governing body****.

We recommend that boards formally assign oversight of pay compliance — either to an existing committee (e.g. risk, audit, or remuneration) or through the creation of a dedicated compliance governance mechanism. This should include:

- Clear designation of executive responsibility;
- Regular reporting on pay compliance risk and remediation efforts;
- Board-level review of compliance assurance results and exception trends.

This approach aligns with existing governance expectations under ****Principle 7.3**** of the Code, and reinforces the university's duty to act as a lawful and ethical employer.

#2. Agree Sector-Wide Compliance Standards

Universities operate in a complex regulatory environment with a mix of enterprise agreements, modern awards, and layered employment arrangements. Despite this complexity, there is currently ****no shared definition across the sector**** of what constitutes “compliance” in practical terms.

This creates two risks:

1. **Internally**, universities lack clear benchmarks to assess the adequacy of their own processes. Compliance becomes a matter of interpretation, with different business units applying inconsistent standards.
2. **Externally**, regulators, unions, and the public see a sector unable to explain — let alone defend — how pay decisions are made and assured.

We recommend the development of **sector-wide governance standards for pay compliance** that define:

- What constitutes a compliant pay outcome under awards and agreements;
- Minimum expectations for employee classification governance and record-keeping;
- Standard testing methodologies to validate pay accuracy;
- Principles for interpreting industrial instruments in practice.

Such standards would give boards and executives a **common framework** to govern toward. They would also support consistency across institutions and enhance the credibility of reporting to stakeholders. Universities should have a level playing field when it comes to pay compliance.

Development of these standards could be **facilitated through Universities Australia** or the **University Chancellors Council**, bringing together representatives from HR, payroll, industrial relations, academic leadership, and external compliance experts. This working group could create a set of principles and minimum practice expectations that individual institutions can adapt while maintaining shared accountability across the sector.

While implementation would remain a university responsibility, **agreement on the principles and components of compliance** would help lift governance maturity across the board — and build trust with staff, regulators, and the public.

#3. Embed Independent Assurance Processes

Traditional audit and assurance processes — periodic spot checks, internal policy reviews, or manual payroll sampling — have proven insufficient in identifying and preventing systemic pay non-compliance. In fact, many of the universities that have later uncovered widespread underpayments had already received clean internal or external audit results. This highlights a fundamental issue: **standard compliance processes are not fit for purpose** in the context of modern, complex employment systems.

To ensure compliance in a sustainable and defensible way, assurance must be:

- **Independent** of the operational teams managing payroll and HR;
- **Continuous**, not point-in-time;
- **Data-driven**, capable of testing 100% of pay outcomes against the relevant legal obligations;
- **Transparent**, with clear, explainable logic that can be reviewed by boards, unions, and regulators.

This requires a shift from reactive, manual reviews to **technology-enabled compliance monitoring** — leveraging payroll system integrations, machine-readable interpretations of industrial instruments, and automated exception detection.

We recommend that boards require the implementation of ****independent, technology-driven pay assurance processes**** that operate continuously and report regularly to governance bodies. These processes should be capable of detecting anomalies in real time, testing against industrial instruments, and supporting proactive remediation before issues escalate.

By embedding this function within governance structures — akin to financial audit or risk committees — universities can move from passive oversight to active compliance leadership.

Conclusion

Governance of pay compliance is about more than getting payroll right. It speaks to integrity, fairness, and the university's role as a model employer. By embedding stronger governance practices, the sector can lead by example — rebuilding trust with staff and ensuring that the vital work of education is supported by lawful and ethical employment foundations.