THE VALUE OF EFFICIENT PAYROLL SOFTWARE

The Value of Efficient Payroll Software

Efficiency, accuracy, and protection are the top benefits to achieve in effective payroll software. This whitepaper will discuss the importance of cutting processing times, the significance of accurate employee records, as well as the value of having employee self-service options and planning for payroll continuity.

Introduction

The 2019 EY Global Payroll Survey results showed that payroll departments want to digitize processes, and indicates trends going back to moving payroll processing in-house[1]. The year 2020 brought technology, security, and processes to the forefront for payroll professionals. Some on-premise systems proved inaccessible for remote workers and quick changes were needed. IT had to work overtime to ensure all the systems could be administered from home. This showcased the need for digitized payroll systems even more. Efficiency and flexibility to work from anywhere proved to be the main takeaways from the pandemic and business needed to adapt accordingly to make their systems more convenient and secure.

Payroll continuity

COVID-19 reinforced the value of cloud-based payroll systems and the advantage of having payroll integrated with your HCM system. Now it is almost considered a necessity – especially when there is a need to ensure all payroll processes can work efficiently remotely. Here are three things to consider when planning for payroll continuity in your business:

IDENTIFYING THE END-TO-END PAYROLL PROCESS

This analysis is key in identifying what the risks would be for this procedure with reduced physical access to the office. How many documents need to be physically signed? Can it be done digitally? Are their in-person filings needed? Mapping out a contingency plan that works remotely is the ultimate first step in ensuring this continuity.

IT INFRASTRUCTURE

Is the business prepared for payroll software access remotely that will not compromise security? Ensuring your payroll team has access to the software and everything is securely stored in a centralized location will allow for changes in needs for your business. It is critical that payroll and HR teams have access to this information to minimize any sort of disruption to the business.

ABILITY TO ADAPT TO STATE AND FEDERAL EMERGENCY CHANGES

Support and maintenance of your payroll system is key in making sure any changes are applied quickly and no legislation changes go unprocessed. With all the various funding, tax changes, and general uncertainties, your payroll system needs to administer these change effectively as required.

Cutting processing time using automations

The American Payroll Association estimates the rate of human error to be anywhere from 1 to 8 percent[2]. Manual data entry is said to be the cause of most payroll errors. The best way to eliminate this concern is to have an automated time and attendance system in place. This way each employee is responsible for punching in and out to ensure they get the pay they earn, and salaried employees can have automated pay rules set up to automatically punch in their core working hours. Those records can then automatically be sent to payroll for processing, eliminating the need for manual entry. The ability to automatically flag exceptions and alert managers will allow you to avoid foreseeable payroll errors such as late arrivals, missed punches, or longer breaks.

AVOID MANUAL ADJUSTMENTS

A great benefit to using a configurable payroll software is the functionality to calculate any special considerations you may need, for instance, calculations between unions or labor regulations, state, and local taxes, etc.

Today's mature payroll tools offer the ability to quickly calculate on-demand checks and manage exceptions more easily. The FLSA requires employers to keep records for three years on all employee working time and pay and it must be available to the Department of Labor inspectors upon request[3].

Employee records

There are no required forms for employers covered by the FLSA when it comes to their employee data but there are basic records that must be collected and kept up to date. The law requires this information to be always accurate. A breakdown of the fourteen basic records required for maintenance can be found here. Each employer needs to keep payroll records for all their employees the three-year minimum including any bargaining agreements or purchase records. All records on wage computations must be kept for two years, and this includes any changes to the wage calculations, deductions, and work time schedules.

VALUE OF EMPLOYEE SELF-SERVICE OPTIONS

25% of employee questions are regarding their pay stubs[4]. By giving employees access to their payroll records in a secure way, you can eliminate most of the time spent on these questions. Self-service access may also allow employees to update their employee details when they change to ensure all employee records are kept up to date and related changes can be handled automatically.

People also want more control over their pay. On demand access to pay stubs and related tax documents is high on everyone's priority lists according to the Future of Work, Talent, and Pay Survey[5]. In these uncertain times, people want the ability to plan for their financial future and having employee self-service options are key.

Giving employees access to their own portal empowers them because they can get to all the information they need when they need it. Having it accessible from any device allows for quicker updates, alerts, approvals, and saves the employer time as well.

Payroll software features to look for:

- Automated time collection and tax reporting
- Leave time accrual and tracking
- Employee self-service access for history, pay stubs, and forms
- Wage processing and auto-pay generation
- General ledger and job cost accounting

Conclusion

With all the constant changes in the world today, it is vital that your payroll system can adapt and work for your business. Contingency plans must be made across the whole business but knowing you have configurable, efficient, and secure systems in place will put any payroll worries at ease.

About PDS

PDS is a leading developer of HCM solutions that offer complete all-in-one HR and Payroll management through leveraged technologies and world-class client support services in the US, Canada, and the Caribbean. Recruiting and onboarding, full benefits management, cross-border payroll capabilities, analytics, and more - fully designed with you in mind. They like to keep their community informed on all HR-related issues that may affect the workplace. Contact their team of experts today and let them revolutionize the way you work.

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[1] How organizations can prepare for the payroll of the future | EY - Global
[2] American Payroll Association, 2015 Getting Paid in America (2015), at 14, from a selected summary of responses found at http://www.nationalpayrollweek.com/documents/NPW2015SurveyResults.pdf.pg.15
[3] U (dol.gov)
[4] American Payroll Association, 2015 Getting Paid in America (2015), at 14, from a selected summary of responses found at http://www.nationalpayrollweek.com/documents/NPW2015SurveyResults.pdf.pg.39
[5] HR2025-Magazine.pdfpg.5