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Payroll for the People

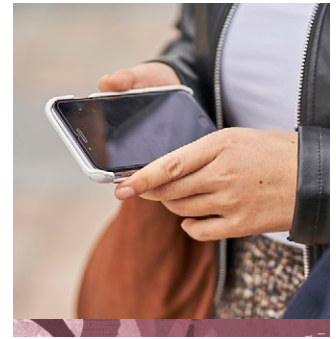
Five best practices for a global organization

Tomorrow's payroll technology, today

The right technology can help ensure that payroll is completed on time, with accuracy, efficiency, and effectiveness.

- Dashboards proactively bring payroll information directly to the user in real time
- Checklists allow users to configure payroll processing steps and assign owners and deadlines
- Wizards match the way you run payroll to address your unique practices

Personnel costs are the single greatest expense of most organizations. This makes payroll one of the most important business functions. Yet payroll is extraordinarily complex. It must be accurate, efficient, and compliant with all regulations imposed on it at the local, national, and international levels. And because employee morale and retention are so critical, payroll must do these things while keeping workers satisfied that they will receive their paychecks with minimal disruption to their workday. No one-size-fits-all payroll solution exists that solves the very real challenges of managing payroll in today's fast-paced and highly regulated global environment. Still, whatever approach your organization takes, it should consider the following five best practices.



Five best practices for payroll

- Establish discipline and manage expectations
- Ensure accountability
- Perform rigorous balances and audits
- Rethink controls and compliance
- Harness technology effectively

1

Establish a proven method and manage expectations

Having an efficient, effective, and error-free payroll department is a goal for all organizations. The ways to achieve this vary based upon the industry, an organization's internal priorities, and its culture. For some, establishing strict deadlines for employees to turn in timesheets is important for the sake of efficiency and cost control. These organizations may have rules, for example, that forbid cutting checks in the middle of a cycle. Other organizations, especially those with a large service aspect to their operations, may be more flexible. In every instance, stakeholders should know what to expect from the payroll department. When do timesheets need to be submitted, and who approves them? Who is notified if an employee goes on leave? Precisely because no standard approach works for all, organizations need payroll capabilities that give them the flexibility to tailor processes to the specific needs of their business.

2

Enforce accountability

Once organizations have established the rules of engagement, they need to ensure all stakeholders are informed and held accountable. Even organizations that take a more flexible approach to payroll processing should establish clear lines of responsibility. For example, if an employee should either forget to swipe her timecard at the beginning of the day or to log out of the time-accounting program at day's end, who assumes responsibility for making sure that employee is fairly compensated for her time? What are the consequences of failing to meet the payroll department's requirements? Who absorbs the cost of having to cut a check in mid-cycle? All are important questions that must be answered. For alongside accountability must come transparency; each step in the process must be visible to the payroll staff, as well as the CHRO and CFO.

3

Perform rigorous balances and audits

The demand for accuracy in payroll is rigorous. That's why balances, audits, and segregation of duties are critical. These steps ensure you minimize error rates and can help avoid offcycle payments. Ideally the person entering timecard data is not the same person reconciling the number of timecards with the number of outgoing payments. And, in keeping with the Payroll for the People 3 segregation of duties, yet one more person should audit the data to make sure it is correct. Having two or even three sets of unbiased eyes on the numbers is not just a luxury, but a necessity to make certain you don't have 2,000 timecards yet show 3,000 payments made.



4

Rethink controls and compliance in the age of outsourcing

Given the importance and complexity of payroll, many organizations are outsourcing either all or part of the function. At the very least, most organizations outsource tax reporting due to its complicated and time-consuming reporting requirements.

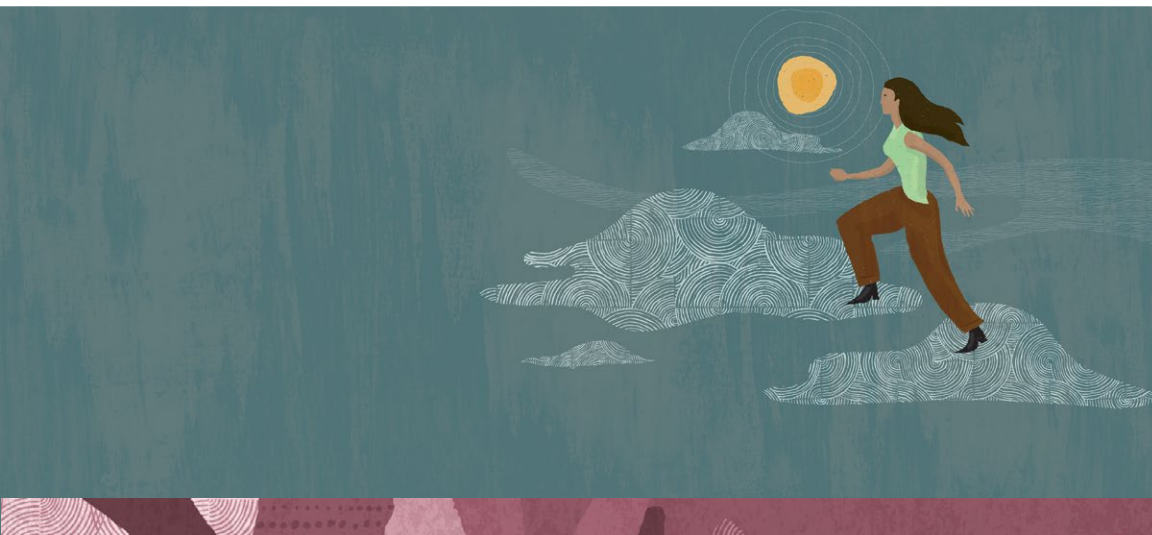
Otherwise, how much—or little—is outsourced varies tremendously from organization to organization. The issue is control: how much does an organization need to have direct control over its payroll data? When payroll is done in-house, it's easy to integrate the data into other systems, slice and dice it in different ways, and make it work to provide value to the business. On the other hand, when some parts of payroll are outsourced, organizations can free up time and make sure they are focusing on business priorities.

5

Harness technology effectively

Technology is the backbone for implementing all of these best practices. For starters, technology supports processes and workflows by laying out tasks that need to be performed in a certain order, which trigger other tasks or milestones for different members of the payroll team. Leading payroll solutions also provide interactive dashboards with actionable flows and checklists that ensure the payroll manager, as well as executives, have complete transparency into the entire process. This enables them to understand where and why any breakdowns occur and act to get payroll out on time.

Payroll solutions can also help with training. Rather than consume the valuable time of experienced payroll personnel when onboarding a new hire, organizations can deploy solutions that lead new employees through the processes, prompting them to do tasks in the proper order using automated checklists. If an employee has a question, embedded help and guiding materials can provide the answer, as opposed to forcing the employee to depend on manuals or interrupt a senior worker.






Conclusion


Payroll is not a one-size-fits-all endeavor. Organizations today must consider their goals and their cultural and industry practices when deciding how best to approach it. Some organizations may outsource most of payroll. Others may outsource very little other than tax functions. Some establish strong internal rules that are strictly enforced for the sake of efficiency and cost-effectiveness. Still others take a more flexible approach that caters to the special needs of their employees. Whatever choices an organization makes, the right technology paired with the right payroll solution will ensure that payroll is completed on time, with the highest degree of accuracy, efficiency, and effectiveness.

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