ELMO's Ultimate Guide to Payroll Solutions

ELMO

CLOUD HR & PAYROLL

Introduction

"A good payroll officer is somebody nobody knows". It's an old industry saying, an acknowledgement that attention is only paid to payroll when something goes wrong.

Indeed, it sounds simple: pay your employees accurately, on time, every time. Yet anyone who has ever had to do a pay run knows there are countless inputs and outputs to get right and therefore many opportunities for mistakes to occur.

The evidence of how complex Australia and New Zealand's payroll environments are, can be seen in the almost weekly headlines in mainstream media, which reveal stories of overpayment of staff, underpayment of staff and authorities, and other breaches by employers. Workforce administration, payroll compliance requirements and tax regulations are commonly identified as the major complicating factors.

Add to this the changing nature of the workforce itself thanks to rising numbers of "gig economy" workers and it's a recipe for costly errors – which, far from being malicious, more often than not are innocent oversights committed by overstretched and under-resourced HR and payroll teams.
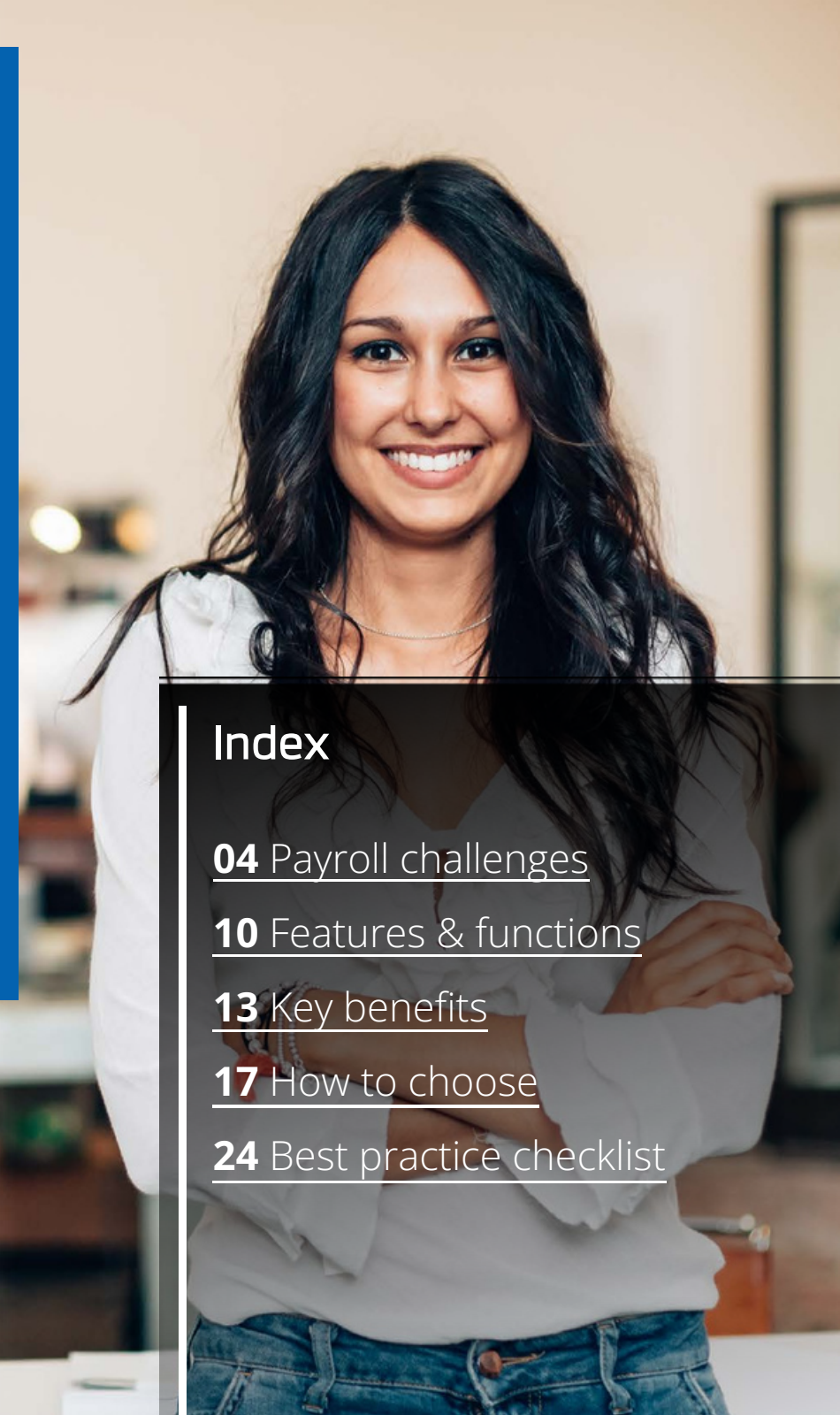
Fortunately, this need not be the case. Technology can be a saviour. Although payroll technology cannot fix a fundamentally complex regulatory environment, it can help streamline and automate processes and ensure compliance obligations are met. A cloud-based, integrated payroll system such as ELMO Payroll can increase productivity by reducing administrative work and just as critically can provide deeper workforce insights. It can also be integrated with other HR, business and accounting solutions for end-to-end workforce management benefits.

The quest for 100% payroll compliance will only become reality when HR and payroll professionals are able to spend less time on data inputs and outputs and more time on strategic workforce management. Automation allows this and more.

Our eBook will cover:

» Payroll pain points

» What automation can do for your business

» Navigating compliance complexity

» Considerations and questions to ask

» How ELMO can help

What's your pain point?

A timely, accurate payroll process is one of the most critical functions of any organisation; however, achieving on-time and error-free payroll is no easy feat. Here are 4 of the most commonly cited challenges:

1. Lack of HR resources. In larger organisations, the payroll function often forms a subset of a HR team; in small to medium-sized organisations it may be the book keeper or accountant who fulfils the role of a payroll officer, in addition to all their other tasks. Regardless of size, a lack of resources often underpins the need to automate processes – otherwise employees face "administrative overwhelm". By automating payroll processes, payroll and HR professionals can switch focus from merely doing the job to providing value back to the organisation, as well as reporting and analytics.

2. Payroll errors. Poor record keeping, misclassifying workers, missing deadlines, miscalculating overtime pay...the list of potential errors is endless – and there's a fair chance that overstretched, overworked payroll employees will make more of them. Matters are not helped by the need to decipher handwriting and use manual data-entry processes. Unfortunately, the end result of an error is not just an employee potentially being paid incorrectly; it could result in fines and non-compliance penalties for organisations and individuals (via accessorial liability) within that organisation. Even if the issue doesn't escalate to that level, is it worth the risk of creating an unhappy and disengaged employee?

The average accuracy rate for all respondents to the Payroll Benchmarking Report1 by the Australian Payroll Association (APA) was 98.58%. To calculate accuracy, the APA took the number of errors per pay period as a percentage of the total payslips produced. Errors are defined by those requiring recalculation. The reported accuracy is as follows:

<200 employees	97.11%
201-499 employees	99.26%
500-1,999 employees	99.57%
2,000-9,999 employees	99.55%
10,000+ employees	99.65%

Based on this data, the APA reports that a large employer (ASX 100) will correct an average of $3,950,000 of payroll errors annually. New Zealand's Ministry of Business Innovation & Employment estimates payroll underpayments come close to $2 billion annually, impacting 700,000 employees.

3. Security risks and privacy concerns. In a connected world, it's never been more critical to ensure employee data is stored securely. When it comes to payroll processing, confidentiality is a priority. Bank account numbers, home addresses, tax file numbers (AU), IRD numbers (NZ), pay rates and other personal information are necessary to process payroll and tax forms, and they cannot – under any circumstances – be compromised. Whether payroll is handled in-house or through an external payroll provider, there are obligations around data security that must be followed.

Data breaches

The first quarterly report on data breach notifications received under the Notifiable Data Breaches (NDB) scheme was published in April 2018. The Office of the Australian Information Commissioner (OAIC) found the following:

• **The top 5 sectors** that notified the OAIC of eligible data breaches included health service providers (24% of notifications), legal, accounting and management services (16%), finance (13%), private education (10%), and charities (6%).

• **78%** of eligible data breaches were reported to involve individual's contact information, 33% were reported to involve health information and 30% to involve financial details.

• **51%** of the eligible data breach notifications received indicated that the cause of the breach was human error. A further **44%** of breaches were reported to be the result of malicious or criminal attack, and **3%** the result of system faults.

Did you know?

Research2 indicates there's a direct link between technology investment and time spent on compliance. Organisations utilising newer payroll solutions spend nearly 10 fewer hours per week on compliance. This compares to 34 hours per week with a solution 1-5 years old, or 43 hours per week with solutions 5+ years old. Some 74% of surveyed organisations believe that cloud solutions are best suited to support today's continually changing compliance landscape.

Continued...

4. Compliance complexity (Australia). Both Australia and New Zealand have complex compliance obligations, which can be a minefield for businesses that do not have the right systems, processes and technology in place. Employers in Australia are required to comply with minimum wage rates, record-keeping obligations and issuing of payslips to employees. There are also overtime, penalty rates, allowances and other facets specific to particular roles, as outlined in awards, Enterprise Agreements and legislation that protects the rights of all workers. Separately, employers also have obligations relating to PAYG tax withholding and reporting, superannuation (SuperStream), and accident cover via various WorkCover authorities. From 1 July 2019, all employers must also be Single Touch Payroll (STP) compliant.

Apart from the organisation and its employees, there are over a dozen other stakeholders dependent on payroll data including (but not limited to):
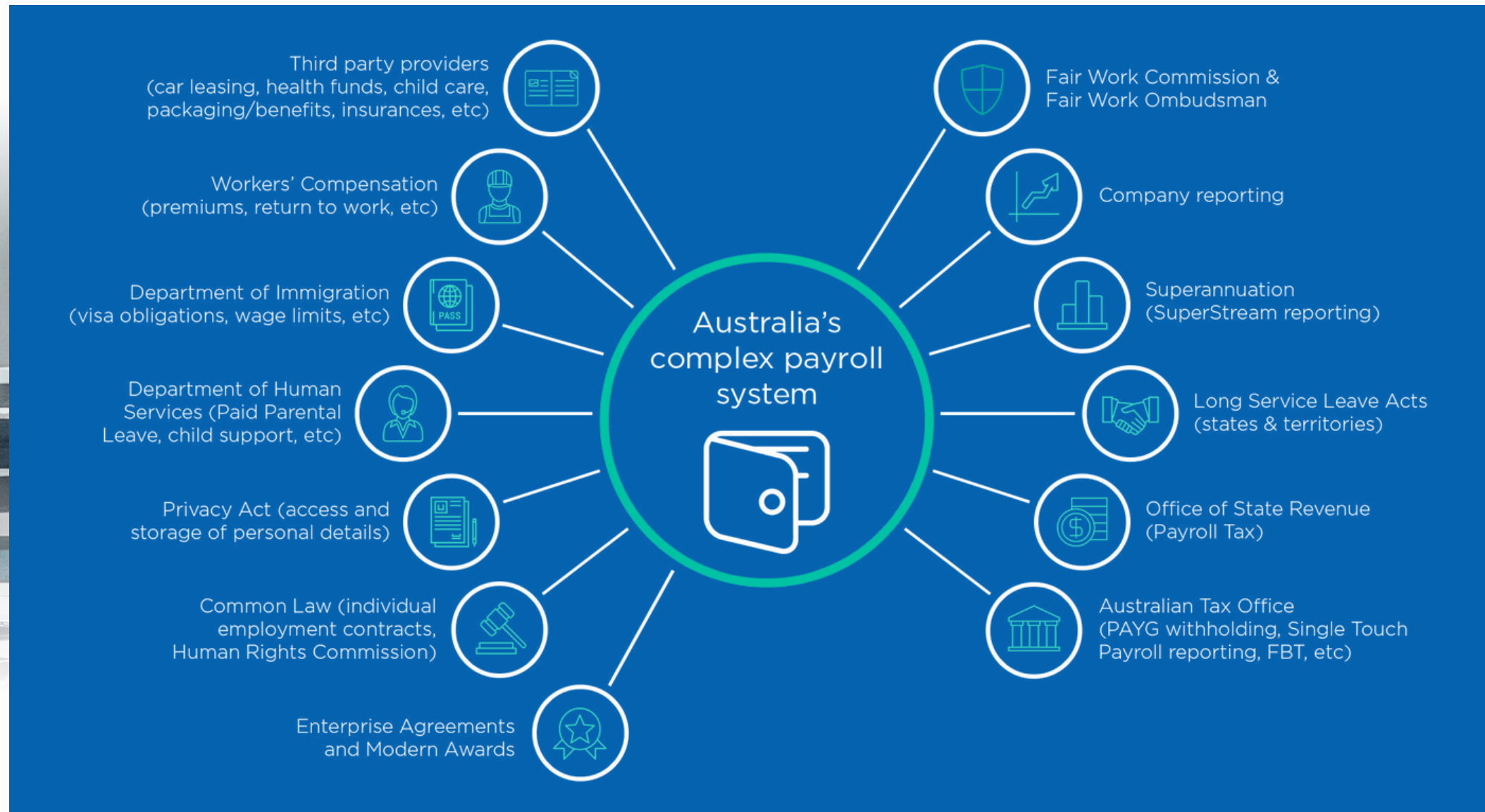
4. Compliance complexity (New Zealand). Employers in New Zealand must cover similar territory to their Australian neighbours when it comes to pay obligations to employees. In New Zealand, employers must navigate overtime, penalty rates, parental leave, allowances and other industry-specific obligations, as outlined in Employment Agreements and Collective Agreements, in addition to legislation that protects the rights of all workers. Separately, employers also have obligations relating to superannuation (KiwiSaver), accident cover via the Accident Compensation Corporation, and PAYE tax withholding and reporting. From 1 April 2019, most employers must report employee income information in place of the Employer Monthly Schedule, as part of new Payday reporting.

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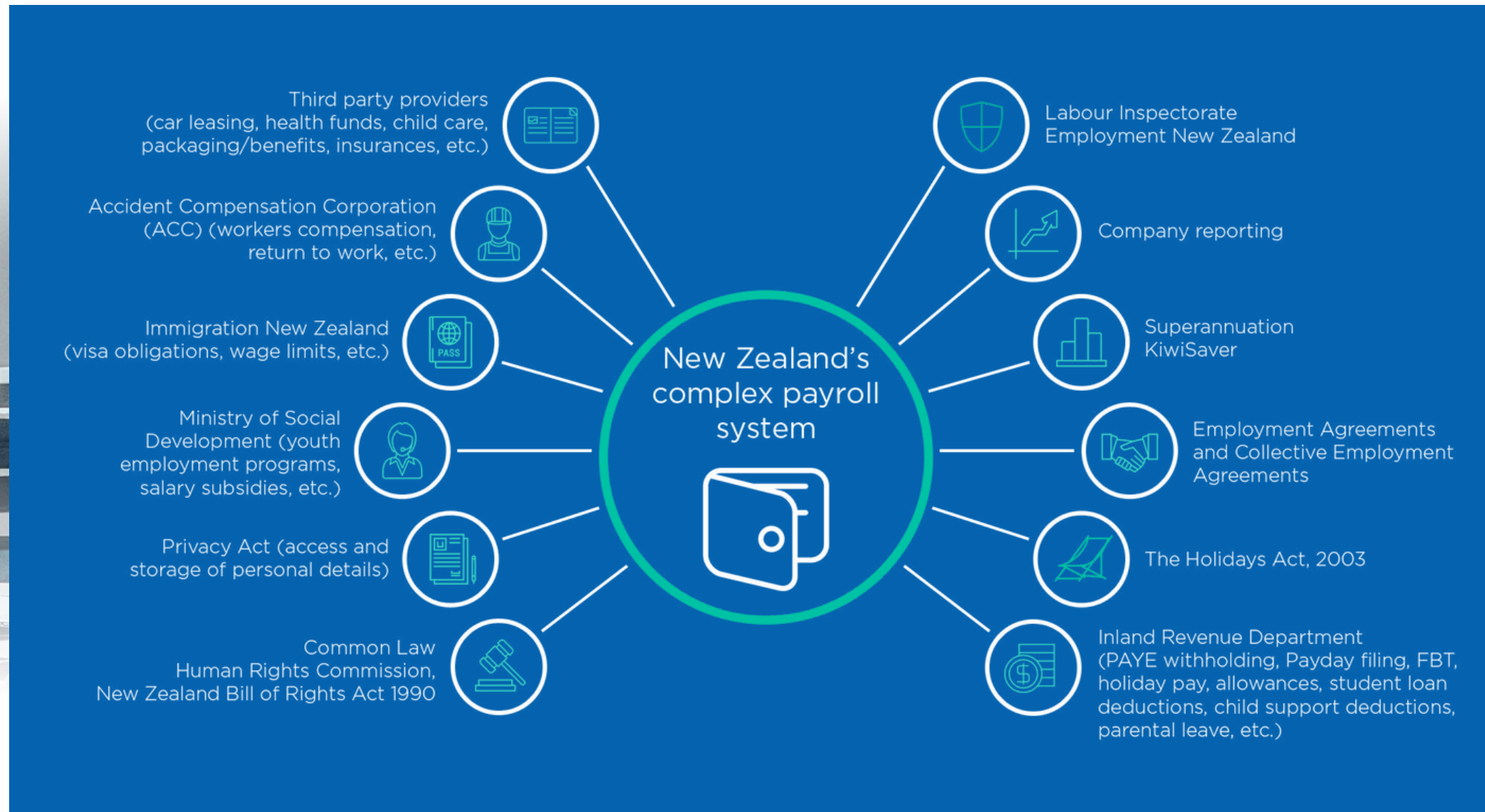
Payroll: Outsource or in-house?

A key decision to make before looking into payroll software options is whether to keep the payroll function in-house (either on-premise or in the cloud), or to outsource the payroll function to a third-party company. Whilst the majority of employers (78.7%) run an inhouse payroll function, the Australian Payroll Association is seeing a general increase in full or partial outsourcing in most employer sizes. According to their 2017 Payroll Benchmarking Report, 21.3% of employers outsource payroll.

It's important to note: Outsourcing your payroll does not mean outsourcing your responsibilities. Often, payroll outsourcing vendors only take specific direction from you but will not make decisions on your behalf as to how employees should be paid. Whether the outsource provider handles end-to-end payroll services, or just parts of the process, it's always worth conducting due diligence before deciding on a partner.

The decision to outsource will depend on several factors. Outsourcing may be an option due to:

3 Lack of resources: If an organisation does not have a dedicated payroll administrator, the task often falls to the business owner or his/her accountant.
3 Expense: Another reason to outsource is to eliminate the expense of an in-house administrator or payroll software.
3 Complexity: Payroll is notoriously complicated, and mistakes are easy to make. Outsourced payroll providers are specialists in their field, and have the training and resources to stay on top of ever-changing regulations.

However, outsourcing does have some drawbacks. For example:

2 Services can cost more than payroll software.
2 There remains a risk of payroll mistakes.
2 Employers can be unsure if their employees' personal information is secure.
2 Loss of autonomy; your payroll processes are in the hands of a third party.

Keeping payroll management in-house using a cloud solution has its own benefits, many of which are detailed in this Ultimate Guide. For example:

3 Gain instant access: Invariably there will be data corrections to be made – these corrections can be done internally, without having to go to the outsource provider.

3 Have control of your data: Perhaps the best reason to keep payroll in-house is to control all the reporting and data. The buck – literally – stops with you.

3 Integration with other business systems: Company data and metrics are more easily merged and analysed when everything is accessible.

Hybrid payroll solutions offer a third option. This option combines payroll software (available in the cloud) and payroll outsourcing. This is attractive for small- to medium-sized businesses (SMBs) that may want control over payroll data but not the challenge of fully running payroll and ensuring tax compliance.

For those organisations looking to keep payroll in-house, or taking a hybrid approach, the information in this guide provides insights on choosing the right solution for your needs.

Key features & functions

Payroll administration is one of the most critical business processes any organisation performs, but it has also traditionally been one of the most cumbersome and time-consuming activities. This need not be the case: payroll software solutions can automate, streamline, standardise and centralise payroll processes. However, what do we mean by "payroll software solutions"? Are there different types of payroll software?

In short, yes. Software solutions can be classified by:
• **Deployment** (cloud vs. on-premise or enterprise);
• **Business size** (small business vs. enterprise);
• **Target market** (general vs. industry-specific).

There is one further – and more definitive – way to classify these systems: integrated or best-of-breed.

1. Integrated payroll management. Due to overlapping processes and data, management of payroll, accounting and HR are often combined. Payroll management, for example, is often integrated as a module within accounting software, a a human resource management (HRM) system, or an organisation-wide ERP. Increasingly, integrated payroll offerings are becoming as sophisticated as standalone payroll platforms and have comparable functionality. Thanks to application programming interfaces (APIs), they can also seamlessly connect to time & attendance and scheduling platforms, and finance/accounting reporting software.

2. Standalone, best-of-breed payroll management. These platforms or apps usually offer more than core features, with specialised functions such as time-tracking & attendance, customised reporting and benefits management. However, as data is entered into different systems – for example, a HRM system and a standalone payroll system – it can result in data duplication and higher risk of error. While this can be resolved through careful integration with other HRM and accounting systems, it's important to work closely with your vendor to ascertain whether the cost of an integration project outweighs the cost of maintaining disparate systems.

For the purposes of consistency, this Ultimate Guide will concentrate on cloud-based, integrated systems such as ELMO Cloud HR & Payroll. Here are some features and functions to expect:

Self-service
Employees can make leave requests, check leave balance, and review payslips and payment summaries. Managers also benefit from self-service and have access to all historical data, thus enabling more informed decision-making and greater insights into pay cycle processes.

Reporting & analytics
Payroll is no longer a transactional function; it can contribute strategically to the business. To do that, you'll need the insights gleaned from payroll data – and that's where visualisation tools come into play. They allow users to:

· Unlock demographic, seasonal, and functional patterns.
· Access at a glance overviews in real time.
· Spot deviations in patterns.
· Help anticipate future resourcing needs, cost forecasting and auditing.
· Assess different inputs to develop staff rosters.

Mobility
Smart devices, social media and cloud computing have raised expectations that information should be accessible any time, anywhere. Payroll data is no exception. Employees expect and demand greater access to their information and flexibility as to how it is consumed and experienced. Payslips sent to mobile devices, real time comp reporting and time & attendance functionality are becoming increasingly common in today's payroll processes.

Ease-of-use
You don't want to have to refer to user guides or asking for help to use the system; an intuitive user interface to manage employees across one or multiple payroll cycles with flexibility to run standard or ad-hoc payroll any time is a must-have. One benefit of cloud payroll solutions is empowerment: payroll can be handled internally, reducing or removing the need to rely on third parties.
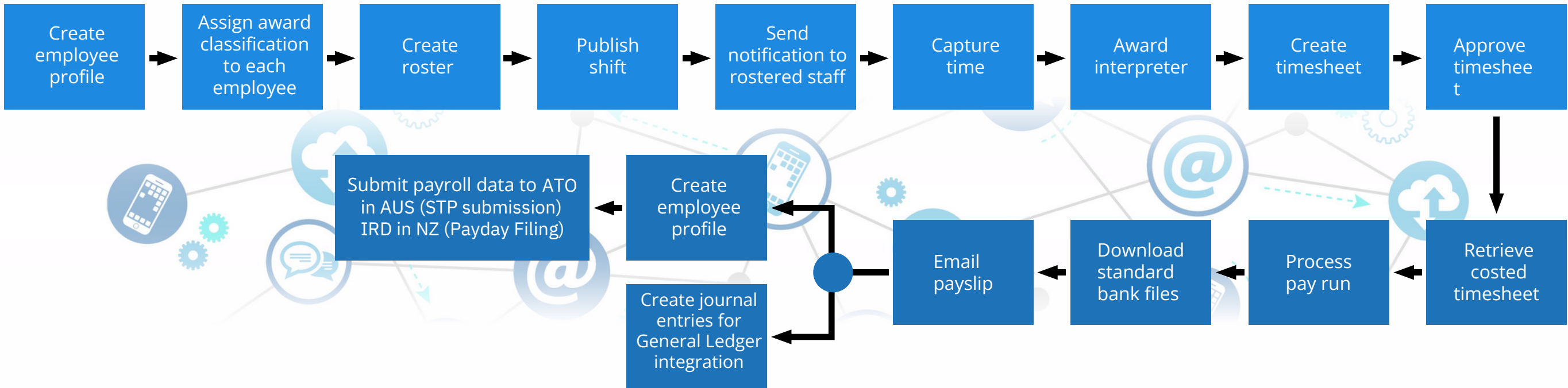
This flow diagram shows a typical payroll transaction process, including inputs such as award interpretation, scheduling/rostering, time & attendance (top row), through to payroll itself and subsequent financial data outputs (bottom row).

Integration

Your payroll solution will either be best-of-breed or part of an integrated HR system (covering, for example, recruitment, onboarding, succession management, etc). Regardless, a payroll solution is no longer isolated from the business; it's part of a larger ecosystem which covers every step of the pay process. While it might be unusual for a HR/payroll software provider to cover all points of workforce management (WFM), most will have open application process interfaces (APIs) allowing smooth and secure flow of data to and from other apps.

```
Create employee profile → Assign award classification to each employee → Create roster → Publish shift → Send notification to rostered staff → Capture time → Award interpreter → Create timesheet → Approve timesheet
                                                                                                                                                                                                                              ↓
Submit payroll data to ATO in AUS (STP submission) IRD in NZ (Payday Filing) ← Create employee profile ←●← Email payslip ← Download standard bank files ← Process pay run ← Retrieve costed timesheet
                                                        Create journal entries for General Ledger integration ←
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Where do workforce management (WFM) tools fit in?

WFM tools cover the entire lifecycle of a pay transaction and will cover functions including scheduling and rostering, time and attendance, Award interpretation, payroll processing, and finance/accounting obligations. Today's open APIs ensure that an integrated payroll system can be linked to other platforms, such as dedicated time & attendance apps, or accounting and finance software. As each of these steps are vital to paying people on time, every time, without errors, it's important to consider the automation of each step and how systems integrate with each other.

Key benefits

Organisations using cloud HR technology gain productivity, time and cost advantages over those using older technology and manual processes. What benefits can be expected from a cloud-based payroll system?

Greater accuracy

It's estimated that Australia's top employers make payroll errors exceeding $4.4 million per employer every year3. In 2016, New Zealand's Ministry of Business Innovation estimated that payroll underpayments could impact more than 700,000 NZ employees and add up to more than $2 billion. Even when these are honest mistakes, there are repercussions: not only is precious time wasted resolving them, they also create mistrust and can harm employee morale.

There are several areas to be aware of.

- **Discrepancies:** When one employee is paid less or more than others at a similar level, this might be indicative of an error that needs to be corrected. Is the employee being paid differently, or is this a mistake in the system? It takes time to go back through the payroll transaction process to check.
- **Timeliness:** Payroll processing operates to a tight deadline simply because people expect their pay on time. Is your process efficient enough? If it isn't, you may find your system backlogged with multiple pay cycles to process, leading to unhappy employees.
- **Record-keeping:** For tax purposes, employers need to have employee records (including pay records) that go back 7 years in both Australia and New Zealand. This means being highly organised and knowing where to find your records when you need them. If your business is ever audited, you need to have records – and answers – ready.
- **Security:** In an age of cybercrime, it's crucial that steps are taken to ensure sensitive financial information does not fall into the wrong hands.

Increased automation

What type of payroll tasks can be automated?

• **Approval processes:** Managers can approve timesheets and other leave forms via their mobile or laptop, even while working off-site.
• **New starters and leavers:** Onboarding and offboarding tools to help ensure this process takes place accurately and in an orderly manner.
• **Permanent changes:** Salary changes (right amount, right effective date).
• **Temporary changes:** Timed allowances applicable for a specified period.
• **Attendance:** Time & Attendance capture, correct Award calculations.
• **Leave management:** Automation of application through approvals to payroll.
• **Reconciliations and deviations from the norm:** Revealed via smart analytics and better reporting.

Ultimately, the goal will be to get machines via artificial intelligence (AI) to assist with – or replace – manual tasks. By doing so, we'll benefit from a higher degree of consistency and efficiency. Even today, automation allows payroll professionals to get on with undertaking strategic tasks that add value to the business.

Time savings

Employee and manager self-service helps reduce the administrative burden on HR and payroll teams. Employees can, for example, gain access and make changes to their bank, superannuation and tax details. Employees can also gain access to payslips and pay summaries and digitally fill out forms without involving the payroll or HR team. Timesheet filing and approval can also be done "on the go" with 24/7 access via mobiles and tablets.

A cloud-based payroll system can provide a wide range of time-saving opportunities, especially when it's integrated with other systems. For example:

• Tiered access means employees can update their personal records and apply for leave.
• Automated bank transactions, meaning that salary payments can be scheduled and made directly into accounts.
• Backups and software updates are handled remotely.
• Employee hours don't need to be input manually – they can instead be automatically tracked.
• Data duplication is minimised due to the ability to share payroll data with accounting systems.
• Individual tax codes can be automatically updated.
• Pre-filled online submissions help to simplify tax reporting and filing.

Single source of truth

Payroll automation centralises employment data, such as contracts, performance records, leave balances and timesheets. Instead of maintaining versions of the same data in separate systems, forward-looking organisations are integrating core business systems and thereby creating one source of information that is up-to-date and used across the organisation. It can help to maintain:

• **Accuracy.** Because the data is integrated directly into whichever system is being used – e.g. payroll, human capital management (HCM), finance, or another function – there is no need for manual handling of the data and therefore less opportunity for error.
• **Consistency.** To be maintained within a single source, data must be standardised, meaning it is collected in the same format according to the same procedures.
• **Visibility.** With a single source of data, information is kept up-to-date throughout the payroll process, enabling teams in payroll, HR, and other related functions to access real-time, accurate data as it's needed.

Automatic upgrades

Using a cloud-based system means you gain access to the latest version of software at the time of login, without the need to update tax tables when they change or make upgrades for other compliance-related issues.

Enhanced compliance

Staying on top of ever-changing government and other regulatory compliance obligations can be daunting – but your payroll solution can help. For Australian employers, alongside SuperStream compliance, the most significant recent change was the introduction of Single Touch Payroll (STP), which came into effect on 1 July 2018. New Zealand has also made a significant change to the tax reporting system, including the introduction of Payday Filing from 1 April 2019. Companies are required to send employment information to Inland Revenue every pay day. There's also KiwiSaver, a voluntary initiative that helps New Zealanders to save for retirement. Participating organisations must make a compulsory contribution into employees' nominated accounts.

It's more critical than ever for organisations to streamline their payroll processes and ensure that employees are being paid on time, otherwise they risk fines. Employers should test whether their payroll solution meets legislative compliance obligations, and whether it has the capacity to take on the increasing reporting burden likely to be placed on it over the next 3-5 years.

Paper-less processes

To this point, HR has only ever made half-hearted attempts at being paperless. For those still burdened with manual HR and payroll processes, it's likely you'll have cabinets of employee records dominating the office, bundles of onboarding paperwork, stacks of resumes and job applications, and of course, towering piles of time & attendance records, compliance documents and printed pay slip information. Digitising all these processes dramatically reduces the need to print documents – keeping the dream of a paper-free office alive and benefitting the environment as a result. Using a cloud-based system can also improve the audit trail. Eliminating paper-based systems ensures that different business units can easily be tracked and monitored.

How to choose

The number of payroll software providers in the marketplace reflects the variety and unique needs of organisations and industries in Australia and New Zealand.

However, choosing the wrong partner can be costly. What suits a small retailer might not be appropriate for a nationwide aged care business. As a first step, ELMO recommends you make a list of your current requirements and forecast ahead slightly with a "wish list" of features and functionality you'd like to see.

• Write down exactly how you use your existing system; is there any functionality you'd like to have but don't currently?
• Gather feedback from all involved stakeholders across all areas of your business; ask your staff what they would like to change about the current system.
• Undertake online research and determine how similar businesses have streamlined and automated their payroll function.
• Ask business mentors, partners, trusted clients about which tools they use.
• Read testimonials from other clients of your shortlisted software providers.
• Create a list of all the time-consuming tasks that you find frustrating or cumbersome to complete.
• List all systems that currently utilise employee data and determine if integration between these systems and payroll could be beneficial.

| Remember | Before getting caught up in the nitty-gritty of what's on offer by the various payroll software vendors, and how much these might cost, try to ascertain why the change is necessary. What aren't you getting from your current solution? Any new vendor will need to meet, or exceed, these requirements. Don't forget to involve key stakeholders, such as IT, in the vetting process. |

Here are 9 considerations and key questions to ask to help you narrow your search:

Key considerations

1. Digital strategy & core functionality

Rapid technological advancements in the HR and payroll fields have resulted in a prime opportunity for organisations to review their current technology solutions and identify where there is potential to reduce cost, improve efficiency and make better use of the data held within payroll.

Questions to ask

- How does the proposed payroll system fit into your overall technology strategy?
- How can you take advantage of cloud technology to create a more resilient and efficient payroll environment?
- Does the payroll software have end-to-end workforce management (WFM) functionality, including time & attendance, scheduling/rostering, and Award interpretation? If not, how will the payroll software be integrated with these tools?

Did you know?

Research4 shows that up to **93%** of HR employees' time is spent on repetitive tasks, and **65%** of HR rules-based processes can be automated.

4. "Robotic Process Automation for HR & Payroll", 2016, EYY

Key considerations

Questions to ask

2. Organisation size and workforce make-up

Most payroll software providers will have a target client size range, which is the best match for their services. For example, a small business with less than 50 staff, or a larger company with a thousand employees will have quite different needs. For fast-growing companies, it can mean more users, more employees, more branches, possibly offshore units and other additional operational elements that impact on payroll. Often, the first step in deciding whether a payroll software is right for you is to undertake research to determine who the service provider's target market is.

You may also want to consider the make-up of your workforce. If everyone in your organisation is on the same type of employment contract, for example, then a software provider with basic functions is probably sufficient. However, if you have a mix of full-time, casual or permanent part-time staff, with many Enterprise Agreements and Awards, you'll need to be able to handle payroll complexity.

- What is your growth roadmap? If rapid expansion in the next few years is expected, it may be wise to seek a vendor who can provide scalable services.
- What percentage of your workforce is full-time, part-time, casual, contractor, or freelance and is this likely to change moving forward?

Did you know?

Employers report a 36% increase in the number of contingent, gig, freelance and contract workers over the past 5 years.5 Additional research suggests contingent workers will make up 50% of the global workforce by 2050.

Key considerations

Questions to ask

3. System access & self-service functionality

Payroll system access should be restricted only to those who need it in accordance with the scope of their duties. If you have only one payroll administrator, that person needs all access required to efficiently process the payroll. If you have multiple employees who perform different functions, limit each person's access to their required duties.

In this age of employee and manager self-service, it's also critical to consider user expectations. Instead of relying on HR or payroll teams to process simple requests or update details, a tiered access self-service dashboard can empower line managers and employees to take charge of their information. From submitting timesheets and rostering, through to making and approving leave requests, having access to key work processes on any device can greatly reduce administration effort while improving data accuracy.

- Who will need access to the system, and what level of access will they require?
- What self-service functions will be permitted?
- What is the user experience (UX) like? Will additional training be required to enable self-service functions to work effectively?

Did you know? When asked what was 'Very Important' to HR tech strategy, surveyed HR practitioners6 show a preference for organisational efficiency, with self-service functionality (44%) and process automation (35%) most in-demand.

Key considerations

Questions to ask

4. Software integration

If the payroll solution isn't part of a larger system like an ERP, a HRM or accounting system, it must at least integrate with them. As your business expands, payroll processes get more complex and will need to integrate with other applications, such as sales ledger, recruitment, timesheets and reporting tools. Most payroll software vendors should have developed open application programming interfaces (APIs) that can integrate with most business systems, leading to a true consolidation of data.

- How many systems need to be integrated with payroll? For example, do you use a time & attendance tool to digitally capture employee data? Do you use a digital Award interpreter?
- Does your payroll system include General Ledger integration with accounting software such as Xero or MYOB? Unless your payroll system is already integrated with your accounting system you will either need to pay for integration, manipulate CSV files or manually enter your payroll data for your accounts.

5. Customer support

Vendor support doesn't end when the software is implemented, so you'll need to know how much support your vendor can provide, and whether that is based locally or offshore. Local support, such as that offered by ELMO Cloud HR & Payroll, means a higher likelihood of familiarity with your operating environment and your business. A service level agreement should outline turnaround times and the options available to provide support every working day. Establish how quickly they respond to queries and how long it will take to tend to issues.

- Can your payroll software provider offer a clearly defined service level agreement with turnaround times and implementation strategy?
- What support is provided on a day-to-day basis? As payroll emergencies can happen at any time, is there 24/7 support such as an online portal providing immediate assistance, or a dedicated helpline?
- How quickly do they respond to calls and how long will it take to correct an error?
- What level of payroll accuracy has been achieved by existing clients?

Key considerations

Questions to ask

6. Data security

Data security is more vital than ever in our connected world – it ensures that sensitive information is kept under lock and key. Make sure your chosen software offers multiple layers of security and has a back-up system in place.

It's also important that your vendor monitors, reviews and improves their security systems on a regular basis. With ongoing threats to data security, they can't afford to be complacent.

- Is the program installed in local servers (on-premise) or in a cloud server (with processes and documents managed online)?
- How regularly does the vendor review and revise security in light of ever-changing cyber threats?
- In terms of data privacy, who can access payroll data and from where? If utilising mobile, the security measures in place on desktops must transfer to mobile devices.
- Is the system protected by layers of security, such as two-factor authentication and multiple approvals?

7. Data integrity

The old saying "garbage in, garbage out" holds true in payroll – and what's at stake here is not just fair and accurate pay for employees but also your organisation's reputation. Therefore, you'll want to ensure what is being fed into your payroll system is accurate. It may be a good time to check the quality of the data and undertake some integrity checks before it's loaded into a new system. Check for inconsistencies and inaccuracies, validate fundamental rules and cross-check results. While some businesses prefer to keep their HR and payroll functions separate, they generally struggle with keeping data integrity across all disparate systems. Having a single source of truth can help bypass siloed data-keeping. This is especially useful if you need to retrieve accurate information quickly.

- Can the vendor offer fully-qualified support to deal with any software, hardware or security concerns?
- What sort of turnaround time can you expect in the event of any problems?
- What are the support protocols and how experienced are the people dealing with your potential issues?
- What is their after-sales service, both in terms of emergency situations and areas such as systems training and troubleshooting?
- Do they have a live chat service, dedicated customer support, engineers on hand and account managers to offer ongoing support?

Key considerations

Questions to ask

8. Reporting and analytics

Organisations are finding it increasingly important to have deep business insights at their fingertips for quick decision-making. Seek out a payroll system that can generate the types of reports frequently used by your business and can generate the data required by third parties. Keep in mind that in Australia, all payroll software and service providers need to be Single Touch Payroll compatible to ensure business reporting compliance. In New Zealand, Payday Filing was introduced on 1 April 2019.

• Does the solution perform analytics and reporting?
• Can reports be tailored to your organisation's needs or are they "off-the-shelf"?
• How does the payroll solution communicate with other systems?
• Does it provide a financial overview and detailed records of transactions?
• Can the management team access reports and data anywhere, any time through easy-to-use analytics tools?

9. Budget

Last but certainly not least, cost will be an important consideration. Understand all the charges involved and how this stacks up against your business needs. Different payroll providers charge according to various methods (licence fee per employee, monthly fee etc.), but on top of that ask what the annual support and maintenance charges are, charges for upgrades and the initial implementation cost.

• Does the software vendor charge a flat per-user, per-month fee? If so, how are users classified? Some vendors charge based on a company's total number of employees while others charge for the HR/payroll staff who'll use the system.
• Are volume discounts offered? Some vendors provide an enterprise rate for customers with more than a specific number of employees or users.
• Is tiered access offered? Some vendors offer tiered features and pricing, so you can start small and add functions as needed.
• Are there any hidden subscription costs?
• Will there be additional costs relating to data interface development and support – especially if your new HR system will be integrated with and share data with existing business systems?
• Will training be offered by the vendor once the new system is implemented or is this an extra cost?

Best practice checklist

Once you're clear on your requirements and have considered all the critical components, it's time to "test-drive" the options. Use this time to explore in-depth system functionality via a demonstration of your shortlisted software. Invite key stakeholders and other decision-makers to do the same.

We recommend that, as a minimum, your payroll solution include the following components and functions.

✓ Single Touch Payroll (STP) compliant (AU); Payday Filing compliant (NZ).
✓ SuperStream compliant (AU); KiwiSaver compliant (NZ).
✓ Easy employee payments with standard Bank Files.
✓ Ability to tap into historical and current payroll data with the ability to produce audit, variance, payroll and other compliance reports.
✓ Richer, tailored reporting to enable more effective workforce planning.
✓ Ability to export General Ledger journals with ease.
✓ Ability to manage employees across one or multiple payroll cycles, and flexibility to run standard and ad-hoc (out-of-cycle) payroll any time.
✓ Seamless integration with other business platforms, including rostering/scheduling, time & attendance, Award interpretation, and financial/accounting software.
✓ Self-service functionality for employees and managers.
✓ Secure data storage.
✓ Local customer service support.

Remember	Tax and employment laws are continually changing so your payroll software needs to keep pace. To ensure the stability, relevance and ongoing compliance of your solution, select a vendor with the depth, resources and commitment to deliver on a long-term business partnership.

A final word...

There's no question the payroll function in business has traditionally been taken for granted; it's a classic case of only being noticed when something goes wrong. However, the perception that payroll is only about ensuring people are paid correctly, on time, is being challenged.

A shift in the regulatory environment means that payroll can no longer be dismissed with a "set and forget" mindset. Employers need to be proactive as there are tougher penalties for breaching compliance obligations, and data security must be a priority. Payroll is now part of a larger, interconnected ecosystem and the data held within payroll systems is becoming increasingly valuable for strategic workforce planning and deeper business insights.

However, amidst the challenges come opportunities. The potential benefits presented by the automation of payroll functions via cloud-based payroll solutions are impressive and may help organisations achieve the ultimate goal of 100% payroll accuracy. Now is the time to review your current technology and identify where there is potential to reduce cost, improve efficiency and make better use of the data held within payroll.
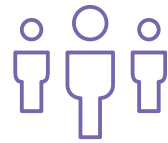
With the right mix of people, processes and technology, your organisation can turn a business cost into an operational asset, while also dramatically improving payroll accuracy and timeliness – ask us how!

How can ELMO help?
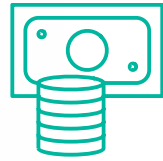
Pay   **Engage**   **Hire**   **Retain**   **Develop**

With so many solutions out there, the HR and payroll software landscape can be a minefield, causing confusion for even the most tech savvy buyer.

ELMO Cloud HR & Payroll offers clients an integrated suite of HR, payroll and rostering / time & attendance solutions from one vendor, providing one dashboard and one user-experience. ELMO's cloud-based platform provides organisations with a centralised approach to managing an employee's lifecycle, covering the 5 key touchpoints that your employees will have with you as an employer: Pay; Engage; Hire; Retain and Develop – that is, from "hire to retire".

For further information contact us.

Not sure how your organisation could benefit?

ELMO's Solution Configurator is an interactive tool designed to help you determine the right mix of HR & payroll solutions to suit your unique business needs.