

PAYTECH

Kronos Survey Tackles Payroll Processing, Operations, and Challenges

BY CLINT HALE

Payroll professionals face daily challenges in their payroll processing and operations. These challenges cover everything from compliance to reporting to day-to-day activities. To provide more insight into these challenges, Kronos recently conducted an APA-sponsored Trendline Survey on current trends and practices related to payroll processing.

The survey, which ran in July and August, featured responses from more than 1,700 payroll professionals in a variety of industries and professional sectors, as well as those on various levels, including company vice presidents, managers, coordinators, and specialists.

IN-HOUSE VS. OUTSOURCING

According to the survey, more than half (51.1%) of all respondents process their payroll in-house, compared to 30.3% who outsource. Meanwhile, 18.6% of those surveyed said their organizations process payroll via a combination of in-house and outsourcing.

Among the processes most outsourced, via survey respondents, are tax filing (29%), check printing (23.5%), gross-to-net calculations (22.6%) and time and attendance (11.8%).

PAYROLL PROCESSING AND CHALLENGES

Payroll professionals conduct many tasks in their daily operations, so many that APA and Kronos were interested in which tasks require the majority of their time and effort. Nearly two-fifths (39.4%) of respondents classified calculating, gathering, and approving time as the single most time-consuming aspect of their job. Capturing accurate time worked (22.6%),

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processing manual checks (13.2%), calculating pay according to company policies (12.2%), and tax filing (11.3%) also received double-figure percentage responses.

Meanwhile, survey respondents were also asked to provide the most challenging aspect of their daily payroll operations. According to those respondents, 35.1% listed correcting errors as the single most challenging aspect of their job, followed by accessing data to run reports (22.1%), filing taxes (13.1%), and payroll reporting (10.1%).

It is interesting to note that respondents that outsource payroll services also reported challenges, including correcting errors (29%), accessing data to run reports (23%), and meeting the service provider's cut-off window (13%). In addition, respondents that outsource also found the following to be time consuming—gathering and approving time (44%), capturing accurate time worked (22%), and calculating pay according to company policies (12%).

COMPLIANCE ISSUES

When asked if their organizations had ever been subjected to an audit from the Department of Labor, a majority either said no (54.4%) or were not sure if such an audit had ever taken place (21%). Meanwhile, a resounding 79.7% of respondents said that, in their opinion, their respective payroll departments were compliant in calculating overtime using the FLSA-weighted average overtime calculation. This is in stark contrast to the Department of Labor estimate that 70% of employers are out of compliance with FLSA. This contrast suggests that many companies maybe unaware that

they are out of compliance. This, of course, could cost organizations money, should they be found out of compliance in certain areas.

REDUCING PAYROLL COSTS

Trimming costs while streamlining operations is the goal for most organizations. When presented with four scenarios by which companies could save costs, a majority (69.3%) chose automating the entire pay process from time collection to payroll processing as the most effective means by which to trim costs. Other responses included asking staff to do more (14.2%), bringing payroll processes in-house (8.9%), and outsourcing payroll processing (7.5%).

To reduce costs, respondents overwhelmingly believed that automating the entire process from time collection to payroll processing (69.3%) would be the most effective way to reduce payroll processing costs. This would result in reduced errors, accurate data, control, and access over employee data. It would help reduce the risk of violations for noncompliance with labor laws.

In economic times like these, controlling labor costs and minimizing compliances risks are perhaps more important than ever. Automating and gaining control of your payroll processing might provide both for your organization.

CHECK YOUR E-MAIL INBOX

Don't miss out on your opportunity to answer a Trendline Survey. They are e-mailed to APA members periodically to gauge your opinions and concerns on various payroll trends, products, and processes. Every time you respond to a Trendline Survey you are helping vendors develop products and services to better meet your needs. So next time, take a moment to reply to the survey—you won't regret it! ■

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