

Assessing technology and it's fit with payroll compliance and best practice

What risks are involved in moving or not moving payroll or adding (system or services)?

- You must have a valid business (payroll) reason for wanting to move to a new payroll system or to use new technology that interacts with payroll.
- Payroll should always be seen as an essential business activity so any changes must not undermine this business-critical activity.
- When NZPPA gets contacted from a business wanting to change to another payroll provider or service provider the first question that is always asked is - Why?
- As always cost of the change, the time and people that will need to be involved, how that will impact on the business (short and long term, what is the risk to the business if things went wrong and how can that be reduced or eliminated fully.

The wrong reasons to change:

- Keeping up with the Joneses (the latest trend)
- Don't be the first off, the block (always tried and true, fully tested)
- Directed to use new technology because head office instructs it or because of a global directive (without any consideration of the NZ environment)

Payroll MUST be fully involved not just a bystander!

Why is there a need to change to a new payroll system or new technology?

- **Is it a compliance issue?**
 - Clear breaches of what legislation requires that the payroll system is not meeting
 - Such as "Holidays Act issues, found internally or external (MBIE)
- **Payroll processing issue?**
 - Time it takes to process payroll, payroll system interface
 - number of manual workarounds that the payroll system cannot do in the system
- **Service issue?**
 - Lack of support from the provider when help requested
 - Time it takes to make changes to system (bugs and fixes)
- **Outgrown the system**
 - The system was workable when the business was smaller and less complex but the business has changed and the payroll system does not fit what is needed now
 - Having multiple business systems added over time that don't interface with each other
 - Does not interface with existing or new systems for security, access to information, file storage

Do you really understand what is presently in place?

Spend time understanding what is presently in place fully before looking for other options, such as:

- There may be a newer version of the payroll system but it has not been updated
- You are not using all of the present system provides, modules, options, settings, add-ons, or even being able to integrate with other systems
- Payroll staff have not been trained in all aspects of what the system can do
- The system has not been configured correctly giving false assumptions that the payroll system is wrong (compliance)
- The link to payroll processing (end to end) has never been formalised
- The skills of the payroll practitioner are not to the level needed to run the present system effectively

Key areas to look for when assessing technology

Transparency

- Being able to see what the system is doing (end to end) at any point
- Calculations (fully open (what is being done and how), over what period, with what pay components)
- Being able to relate everything back to legislative requirements and being able to show stakeholders

Reduce payroll processing time

- Inputs and outputs (streamlined) reduce double handling (more interfacing between systems)
- Automated checks (that can be clearly assessed and reported)
- Removal of manual activities (data entry) and manual workarounds

Data access

- Data can be accessed throughout the end-to-end payroll process
- Can be easily exported (extracted)
- Data can be clearly understood in what is included (or not included)

Compliance checks

- More! at every stage (automated and user driven)
- Reported in a timely and meaningful way (plain language) so stakeholders can access (employee, union, representative, labour inspector)

How to identify the right payroll for your work environment

Creating payroll business requirements

- Without knowing what is required of payroll for the business, the selection of a payroll system will not be successful.
- In the selection of any business system, the recommended approach would be to develop a set of business requirements that fully detail what the business wants from the system — and for what reasons.
- This detail can include security, functionality, interface, and reporting everything the business has to identify.
- As part of the business requirements create some form of selection matrix that providers can be assessed against.

The key to creating usable business requirements:

- Get the complete picture (include stakeholders, such as: employees, managers, even the union)
- Make them flexible (not written in stone) but a formal process is included to make changes so it can be assessed and evaluated at any point.

ASKING THE RIGHT QUESTIONS AND GETTING EVIDENCE TO JUSTIFY THE NEW PAYROLL PURCHASE

In selecting a new payroll system or service you must ask the right questions, who there is the potential of the wrong system or service being selected.

- Where is the provider or service based?
- How long have they been providing a NZ payroll software product or outsourced payroll service?
- How long as this specific payroll system been used in NZ?
- Can they provide any results on compliance of the system by any external party?
- How many actual customers do they have in the NZ environment using the software or service? What is the breakdown of these users? Is there a couple that can be contacted directly?
- Where was the system developed and updated?
- How do they keep up to date with NZ legislation? How often is the system reviewed and updated? How staff are trained?
- What is the process to report bugs and issues and what is the timeframe to respond and resolve?
- If not based in NZ how will issues be resolved remotely? Do they have local consultants and what is charged?
- What are the future development plans for the system (ask about upcoming legislation and what they are planning to do to update their software)?
- Are there any manual work arounds that have to be used in their current system (excel spreadsheet, file transfer, termination, extra pays etc)? Why is this not being done in the system and are there plans to include as part of the system?
- What are the qualifications of key staff they support the payroll system or service that the business would be in regular contact with?

- Where is the helpdesk located? What support and help can they provide and what won't they support?
- What online help and support is available? How often is it kept up to date?
- What systems can the payroll directly interface with or are there other companies that the payroll provider has a formal partnership with?
- Think about unique requirements of your business and how the payroll provider product has to meet any special requirements.