

6 steps to easing the payroll process

By [Jeff Ryan](#)

17 Oct 2022

The payroll team is one of those invisible functions that runs quietly in the background of a business, not attracting much attention unless something goes horribly wrong.



Image source: rawpixel – [123RF.com](#)

When it does, the impact on the business can be severe, ranging from angry employees who didn't receive their correct salaries on time through to penalties for late or incorrect tax submissions or heavy losses to fraud.

Payroll teams work hard to avoid these outcomes, often without access to the tools and technology that can help them keep the organisation compliant and efficient. In today's complex environment, they need all the help they can get. Sage research shows that 77% of South African small and medium business (SMB) employees with a responsibility for payroll consider payroll taxes to be complex.

Remaining compliant and optimising efficiency in the payroll is a journey without end. But keeping ahead of the admin need not be difficult or stressful.

Below, we list some steps companies can take to assess the status of their payroll function, tighten compliance, and remain on a path of continuous improvement.

1. Audit your payroll regularly

All sorts of potential problems could be brewing beneath the surface if you are not conducting payroll audits at least once a year, especially if you run your payroll manually. In the worst case, lack of effective controls might result in incorrect tax submissions or payments, or create openings for fraud.

For example, someone in the finance function might be paying ghost employees or working with other team members on fraudulent expense claims. Even if that's not the case, it's good practice to ensure that you regularly scrub terminated employees' data from your systems, verify tax calculations and look for errors made in manual data capture and calculations.



Tips to prepping for festive season payroll

22 Nov 2021



2. Educate and empower your team members

Most employees don't really know what all the codes on their payslip means or understand the finer details about the formulas applied to get to their final salary or wage. It's worth taking the time to educate them about codes for different types of remuneration and how statutory deductions are calculated.

This empowers them to be another line of checks and balances, since they'll be informed enough to query any obvious mistakes. Plus, if all colleagues understand their payslips, payroll teams will spend less time answering questions about travel allowance calculations or why the income tax rate seems so high in a month a bonus is paid. True empowerment of employees (and time-saving for the payroll team) would be direct access for employee to data via a "employee self-service" as well.

3. Stay ahead of the proposed regulation

Automated software can do the heavy lifting of applying new tax tables or regulations to your payroll. But it's important that payroll teams and business owners keep ahead of the new regulations introduced at the beginning of each year, as well as laws and regulations that are likely to be introduced in the short to medium term.

For example, employers should already be thinking about what the proposed "two-pot" system for retirement savings will mean for their employees and payroll. Getting ahead of these changes gives you time to prepare for them.

4. Think about coaching and mentoring in a hybrid world

The move towards remote and hybrid work has had a profound impact on teams in the workplace, including the payroll department. One of the major challenges is the absence of the informal knowledge transfer and mentoring that happens when people work together in an office. This is not an insurmountable challenge, provided you put processes and policies in place to facilitate the sharing of information.

For example, it can help to assign junior employees to a 'buddy' they can contact if they need help with a process or a problem. Also, ensure the right collaboration tools are in place for "virtual" chatting and knowledge sharing.



How cloud payroll can take the pain out of bi-annual tax submissions

6 Sep 2021



5. Evaluate pros and cons of in-house versus outsourced payroll management

Running the payroll is a time-consuming admin function. It is an essential operational function with no margin for error, yet it doesn't help your business differentiate itself from the competition. For that reason, it is worth periodically reviewing

whether you are best served running this function in-house or outsourcing it to a specialist company.

There is no correct answer that works for every business, but the question is worth asking.

Many small and medium businesses might prefer their small finance and HR teams to focus on more strategic tasks. Outsourcing can enable them to improve efficiencies and free up time and resources to focus on the core business. Others might want to keep in-house control over their data and processes.

6. Optimise and automate

Whether they are running payroll in-house or outsourcing it, most businesses that are still using internal, manual, and offline systems to manage their payroll are at risk of making small mistakes that have big repercussions. A simple data capture error or an incorrect Excel formula can result in an employee not being paid or their tax being misrepresented.

What's more, this manual work consumes time that could be spent on business development, strategic planning or honing your talent acquisition and retention strategy. Moving to an automated system will vastly simplify compliance, speed up processing, reduce errors, and provide rich, real-time data to inform business decisions.

It can take hours to prepare a payroll from Excel spreadsheets, but you can calculate statutory deductions and generate compliance reports with the push of a button with today's cloud-based solutions. A modern solution makes it easier to comply with tax regulatory requirements such as compliance reports, with automatic updates to the latest tax laws and regulations.

ABOUT THE AUTHOR

Jeff Ryan, MD of AWCape, a leading Sage business partner for HR, payroll and financial solutions.

For more, visit: <https://www.bizcommunity.com>