8 ways to improve your payroll efficiency

Streamlining your payroll processes can save you hours every month.   Read this useful guide to find out eight ways to get your payroll team working as efficiently as possibly.

Introduction

The last few years have seen some massive changes for payroll teams with both RTI and automatic enrolment being introduced.

Keeping on top of these changes can mean a lot of additional work for payroll teams so it has never been more important to work as efficiently and effectively as possible.

By saving time on routine jobs such as importing data and distributing pay information you can concentrate on ensuring that payroll really adds value to the business and provide the information required by other departments.

Is your payroll still working in the best way for your business needs?

How long ago was your payroll implemented?

As with anything it can be easy to become stuck with a particular way of doing things.....even if it isn't the best way. Often training is only taken when new software is purchased with new employees learning from existing team members – picking up bad habits in the process.   It can be a good idea to take a step back and look at things with fresh eyes. Technology has moved on dramatically in the past few years and can help you improve and streamline your processes.

Have your business needs changed?

Businesses can move quickly and will often change dramatically in the space of a few years. This can mean that software that once worked well for you is no longer appropriate. It is important to build close relationships with a software supplier that understands your business . For example a dedicated account manager can make recommendations for the software, additional modules and services that are most appropriate for you.

Have you evaluated whether your payroll software matches your requirements?

Putting together a list of your requirements in a RFI (Request For Information) document is a great way to really think about what is really important for your business, what is a 'nice to have feature' and what you are paying for that you don't really need. The list can be sent to your existing payroll supplier as well as new software providers that you are considering to see who comes out on top.

Is your payroll software on a suitable platform for your IT department?

In order for IT teams to be able to provide the best support to departments such as payroll, HR and finance it is vital that the software used is on the correct platform. Many IT teams are standardising so that all software is on a SQL server. Using a SQL server means software is more secure, more robust and it is easier to integrate with other business systems.

1) Control costs

Good payroll software will give you an insight into employee costs allowing you to make better decisions for your business.

Split employee costs over multiple cost centres

Not all employees spend all of their time working in one department or in one location. In order to get an accurate picture of an employees costs you need to be able to split things like salary, special payments, and overtime over more than one cost centre. With the right payroll software you can choose exactly how an employees costs should be allocated.

> *"Previously I had split costing between departments manually, but now this is all done for me with just a touch of a button."*
> **Sue Tazey, Payroll Adminstrator, Portland College**

Analyse costs per department, site and branch

Once you have accurately allocated your employee costs it is important that your software will allow you to analyse them. You can then spot patterns to costs allowing you to make predictions, find anomalies such as the costs of one branch being particularly high in a month and find room for improvements such as bringing overtime costs down. You should be able to report on costs by department, site and branch and drill down with multiple levels of analysis (as an example you can have up to 10 levels of analysis with Earnie IQ payroll software).

Send employee cost information directly to your nominal ledger

To get the most value out of your payroll information this should be sent directly to the nominal ledger of your Accounts software. Your accounts team can then use the data as required.

2) Streamline your data entry

Streamlining the process of getting data into your payroll will save you valuable time and decrease the risks of mistakes being made. You can do this by:

Using Excel spreadsheet templates to get information from individual managers and branches

Managers can complete information on things like hours worked, overtime, and bonuses. Standardising templates will make the process as straightforward as possible. If one template isn't suitable then have different versions for different teams but make sure that payroll controls the information. Ensure you have deadlines in place which give you time to check the data provided.

Import the Excel spreadsheets directly into your payroll

Once you have the completed spreadsheets ensure you can import the data directly into your payroll run. You should be able to check and edit information here to ensure everything is correct. This can save hours of manually keying in data into the payroll. The process should be:

✓ Quick
✓ Secure
✓ Straightforward

Link your payroll directly with Time & Attendance software

If your business already uses Time & Attendance software (for example a clock-in system) then you will already have information on the hours employees have worked at your fingertips. By linking your Time & Attendance software with your payroll software you can pull through this information directly through to the payroll run which will ensure accuracy.

3) Provide the right information to other departments

Your payroll software will contain lots of information that will not only be useful to you but also to other departments and managers. Make sure you can get the right information when you need it in a format that is easy for both you and others to understand.

Find out what other departments actually need

You may be producing reams of reports that aren't actually read properly as the useful information is buried amongst pages of other data. Check which information is useful to specific managers and then tailor your reports for them.

Does your software include a report writing tool? This would enable you to create bespoke reports for different departments with the exact information they require.

Optional reporting tools such as Vision would even allow you to combine payroll data with information from other software for a more complete picture.

Present the information in different formats

Exporting your reports to Excel (or using Vision to create reports in Excel) means you can use things like charts, graphs and Pivot tables to present your information.

This can help to highlight specific points or show trends in things such as employee absence or overtime costs. Make sure you can make different selections for your reports such as individual employees or departments and that you can pull reports both for the current period and for multiple periods.
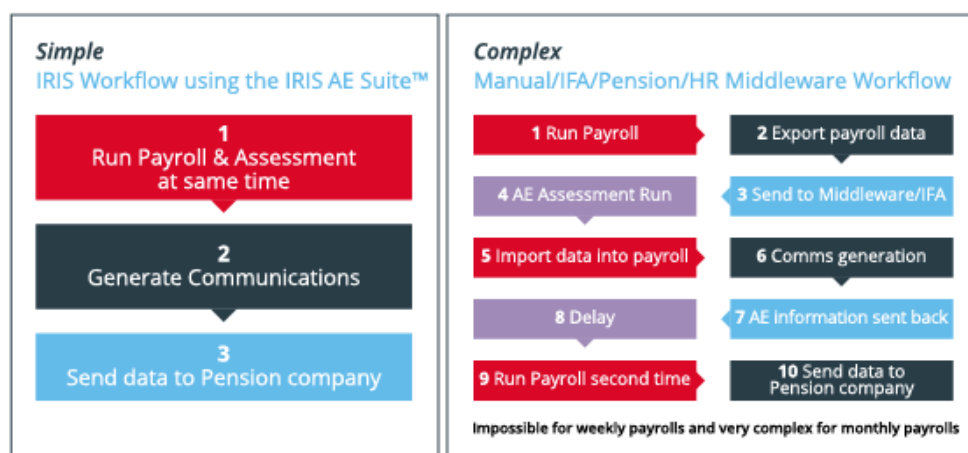
4) Manage automatic enrolment efficiently

For automatic enrolment to be managed efficiently it must be done from your payroll software – only payroll has the information on employee earnings for assessment to be done correctly each period. To ensure that you don't end up adding hours to your workload each month it is vital that the process is streamlined as much as possible.

The diagram below shows the simple 3 step process of using a payroll solution such as the IRIS AE Suite for managing automatic enrolment. Handling things manually or with other software can lead to 10 steps:

Automatic Enrolment Process Workflows: complex v simple

Simple
IRIS Workflow using the IRIS AE Suite™

1 Run Payroll & Assessment at same time
2 Generate Communications
3 Send data to Pension company

Complex
Manual/IFA/Pension/HR Middleware Workflow

1 Run Payroll
2 Export payroll data
4 AE Assessment Run
3 Send to Middleware/IFA
5 Import data into payroll
6 Comms generation
8 Delay
7 AE information sent back
9 Run Payroll second time
10 Send data to Pension company

Impossible for weekly payrolls and very complex for monthly payrolls

Sandra Crawford from Silverstone Circuits explains the benefits of assessing employees within the payroll for their business:

> *"We use a lot of zero hours staff so some months they may not be earning anything and then for the next 3 or 4 months they would be assessed as over the limit. Every time I run the payroll it re-assesses employees. I get notifications every time and the information is all there."*

Providing communications to employees and deduction information to your pension provider at each pay period is also vital and must be generated by payroll.

> *"The IRIS AE Suite is slick. It does everything it needs to do. We believe the right place to do automatic enrolment is in the payroll and IRIS actually does the assessment and communications for you."*
> *Alan Chaplin, First Actuarial*

4) Manage automatic enrolment efficiently

Automatic enrolment is complex and there is lots of legislation governing what businesses must do and aren't allowed to do.

This doesn't mean, however, that you need a complex process for handling automatic enrolment. In fact businesses who have already staged for automatic enrolment agree that the key to success is keeping your processes as simple as possible.

This means having a complete solution that will manage all of your key tasks automatically, rather than several different systems which involve human intervention (leading to human error). Trying to handle things manually or with numerous different systems can add as much as 3.5 days per month to your workload!

Having the right software in place is vital and The Pensions Regulator recommends asking providers whether their software will handle the following tasks:

1. Assessment of workforce
2. Postponement
3. Calculates pension contributions
4. Opt-ins and joining
5. Opt-outs and refunds
6. Generating communications to staff
7. Keeps records
8. Interoperates with some or all pension scheme providers

Leading accountancy firm Haines Watts is managing automatic enrolment for 3 of their clients and with many more to follow they need a straightforward automatic enrolment process:

"Everything has gone very smoothly. The software is doing all the assessments correctly and is enrolling the right people at the right time and making the right calculations. We are also using IRIS OpenEnrol which makes it so easy to get the right pensions communications sent to employees. Everything is kept up-to-date without us having to manually produce the letters – another big time saver!"
Linda Bowley, Senior Payroll Manager, Haines Watts

5) Embrace new technologies

Payroll departments can be at the forefront of new technological developments. Utilising online (Cloud) technology for example is one way to save hours each month while providing information in a better way for employees.

Online payslips, P60s and pension communications

It is estimated that about 70% of the UK workforce now has smartphone. Your employees will be used to receiving information regularly on their smartphone so this is the perfect way for them to access their pay and pensions information.

By publishing employee communications to a secure online portal your workforce will be able to access their information instantly and securely not just from a smartphone but from a laptop, tablet or PC if they prefer.

You will benefit from no more printer jams, stuffing envelopes or expensive postage.

Here are the estimated savings from moving to online payslips:

Item	Average Cost
1st class stamp	£0.62
Laser print page	£0.10
Stationery cost	£0.14
Envelope	£0.06
Printing, sealing, sorting and posting	£0.83
Cost per payslip	**£1.75**

IRIS OpenPayslips has saved us at least 20 hours every month. The cost savings are immense – far more than the £1.75 per payslip estimated by IRIS.
Colin Taylor, Partner, Donald Jacobs & Partners Chartered Accountants

6) Stay on top of legislation changes

The last few years have seen an unprecedented amount of legislation changes affecting payroll teams, including RTI and automatic enrolment.

It is important to stay on top of these new legislative requirements which means working with a software provider that has close relationships with both HMRC and The Pensions Regulator and handles legislation changes in an efficient way within their software. Make sure things like RTI and Automatic Enrolment are handled in a streamlined way or it could become more and more difficult to manage your payroll on a weekly or monthly basis:

> *"IRIS handles the requirements of RTI extremely well for example I can produce an audit log to see exactly what information I have submitted every period."*
> **Linda Bowley, Senior Payroll Manager, Haines Watts**

More legislations changes are due in the 2015 – 2016 tax year including Shared Parental Leave and NI Calculation for Under 21s.

Shared Parental Leave

For births and adoptions with a due/placement date on or after 5th April 2015, the Government have introduced Shared Parental Pay & Leave. This is a new entitlement allowing eligible mothers, fathers, partners or adopters to choose how to share time off work after their child is born or placed which can be taken at the same time or separately.

It consists of up to 50 weeks of untaken maternity or adoption leave and up to 37 weeks of untaken Statutory Maternity or Adoption Pay shared between both parents/adopters and can be taken in discontinuous blocks.

NI Calculation for Under 21s

From **6 April 2015**, employers will not be required to pay Class 1 Secondary National Insurance Contributions on earnings up to a new **Upper Secondary Threshold** (UST), for employees who are under the age of 21on the payroll date. Class 1 secondary NICs will however continue to be payable on all earnings above the UST.

7) Ensure payroll is integrated with other business functions

A good way to ensure your payroll is as streamlined as possible is to integrate your payroll software with other key business functions such as accounting and HR. Integration helps to avoid duplication of work and provides maximum efficiency.

HR and Payroll

Information on new starters, changes to employee information and absence can be transferred between HR and payroll software to ensure both teams are using the same and most up-to-date information. Make sure you put processes in place so you know how the flow of information will work for your business. For example will information go from HR to payroll or vice versa.
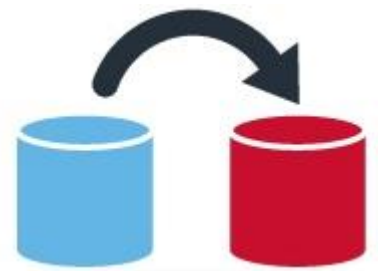
Finance and Payroll

It is important that payroll and accounts teams work closely together to ensure payroll costs are accurately reported. Data can be transferred from payroll directly to the nominal ledger of your chosen Accounts package. This will ensure accuracy of the payroll figures for your finance team.

> *"The link to accounts was crucial when selecting Earnie – our information is extremely detailed with numerous cost centres involved and being able to transfer the information between systems saves us at least a couple of days a month in processing time"*
> **Philip Wells, Finance Director, Wirral Autistic Society**

> *We use Sun Accounts and being able to export the journal file from Earnie to Sun is extremely efficient. It saves us lots of time and we don't have to worry about errors being made when re-keying the information".*
> **Jacky Wesley, Payroll Manager, The Scouts Association**

8) Get help and support as and when you need it

Hopefully the times when things will go wrong with your payroll will be few and far between but you need to be confident that expert help is available when you need it. Waiting for hours to get an answer to a question is simply not an option with something as time critical as payroll as you have the responsibility of making sure all your employees always get paid correctly and on time.

Online help

An online knowledge base where you can get access to frequently asked questions and find help on the latest support issues will mean you can get answers 24/7 whenever you need them. The best knowledge bases will be updated daily with new information. Here is a link to the IRIS KnowledgeBase:

www.iris.co.uk/kb

Payroll legislation experts

If you have queries about legislation and ensuring not only are the correct deductions made from employees pay but that the right information is sent to HMRC then it is important that you can speak to experts. Check whether your chosen supplier has legislation experts as well as different tiers of support (for example a 3rd line Tech Support team for those trickier queries).

Service Level Agreements

Having a Service Level Agreement will ensure you get resolutions to issues in a specified time frame – the time frames will depend on things like how critical the issue is.

Customer Feedback

Does your payroll supplier regularly survey customers and ask for feedback on how things can be improved? If not how can they know what aspects of their service are working well and what needs to be improved.

Introducing IRIS

As a UK owned and operated business, IRIS understands UK compliance better than anyone.

About IRIS

50% of UK accountancy firms run on IRIS
Sole practitioners to top 50 inc. 4,467 cloud practices 555,000 online documents filed at Companies House

Accountants

SMEs

300,000+ SMEs run on IRIS
Automation through payroll and online bookkeeping & document collaboration

.IRIS

UK Government agencies enabled by IRIS
2.94m online tax returns filed 600 compliance changes made to products annually 6m Payroll Full Payment Submission filed with IRIS payroll annually

Government

Employees

18% of UK businesses pay using IRIS
2.6m employees paid 350k employees assessed for AE

Earnie Enterprise payroll has been designed by IRIS, supplying payroll for 18% of the UK workforce.

About the Earnie team

The Earnie team specialise purely in payroll so understand it inside and out. From development to support, payroll is our passion so with over **30 year's industry experience** you really can rely on us to help you comply with HMRC legislation. From RTI to automatic enrolment you can be confident that we have it covered.

Earnie Enterprise payroll is comprehensive and flexible, easily handling even the most sophisticated payroll needs, while still remaining easy to use. One of our core strengths is the in-depth knowledge and experience of our dedicated consultants who have over 50 years experience between them.

Cloud or Desktop Software: IRIS provides choice

Award winning software for both desktop and cloud services, providing the option for a hybrid solution.

Why choose Earnie Enterprise Payroll?

Efficiency
From delivering payslips to employees through a smart app, to quickly getting payroll data into Earnie from other systems and providing detailed journals for your accounts system, Earnie will work seamlessly with your other key systems to help your business be more efficient.

Flexibility
Tailor Earnie to your needs by configuring payments and deductions as needed with sophisticated formulae, creating user-defined fields to capture your unique information and writing your own quick reports.

Implementation
Earnie specialist consultants have years of experience implementing payroll systems. You will have the same consultant from the initial pre-sales scope all the way to completion of your payroll transition.

Support
The UK help desk is 100% payroll focussed providing advice and guidance whenever you need it in addition to our online Knowledge Base so you can be confident you are running your payroll accurately and compliantly.

Legislation Compliance
We were one of the first suppliers to the market for both RTI and automatic enrolment solutions providing peace of mind that Earnie will always deliver complex legislation changes in a timely and affordable manner.

Earnie Enterprise Payroll Testimonials

"I would have no hesitation recommending Earnie the support is always very helpful and I have the flexibility to get the information I need quickly and easily."
Kirsty Teather, Q Hotels

"The Import/Export facility is fabulous - importing information from Microsoft Excel saves us hours of input time and reduces typing errors."
Pam Irving, Bellway Homes

*Call **0844 815 5677**, or visit **iris.co.uk/earnie** to see how we can help you*

Next steps

Contact us today to discuss your payroll requirements and discover how Earnie Payroll Software can work for your business.

The Earnie team can arrange:

- ✓ A meeting to discuss your requirements

- ✓ A no-obligation quotation

- ✓ A demonstration of Earnie Payroll Software

How to get in touch:

Call us: **0844 815 5677**

Email us: **earniesales@iris.co.uk**

Visit us: **iris.co.uk/earnie**

Follow us on Twitter: **@IRISPayroll**