Lecture 2

Payroll Management

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Payroll Management Mistakes to Avoid

Payroll Management is a key component of a company's relationship with employees.

Do you agree?

Discuss

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Sustaining your workforce depends on it and mistakes can jeopardize that relationship

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Payroll management is one of the consistent responsibilities and challenges for every business. HR and payroll staff must be aware of the continual changes in rules and regulations, any new and updated forms, and the multiple layers of compliance that is required by the EU, Government and the company.

Payroll Management Mistakes to Avoid

In addition, payroll management can be impacted by internal changes with employees coming and going, internal changes, classifying employees and independent contractors, and - occasionally - unexpected changes due to pandemics like COVID-19.

Payroll Management Mistakes to Avoid

With all of these factors to contend with, many business owners are not confident with their payroll process. In fact, most businesses confirm that there is room for improvement in their payroll processes.

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Payroll Management Mistakes to Avoid

What do you think are the most common issues with regards to Payroll?

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Payroll Management Mistakes to Avoid

Among the most common payroll issues is "organisational inconsistency" in the payroll process, incorrect tax withholding, and over-and-under payments to employees. Along with these there is often employee misclassification issues and overtime miscalculations.

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Payroll Management Mistakes to Avoid

What could help with these issues?

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Payroll Management Mistakes to Avoid

One solution is to find that up-to-date payroll software that fits your needs. This can also help make your HR, payroll and employee data management less overwhelming.

Payroll Management Mistakes to Avoid

These payroll errors can be very costly and can also add several days of unnecessary work for the payroll department. Something very important to take into consideration is the potential damage to employee relations and morale.

Costly Payroll Management mistakes to avoid

What do you think are the most costly mistakes that one should avoid?

Costly Payroll Management mistakes to avoid

1. Administration

Many businesses, especially smaller ones, still carry out their payroll process in-house and manually. This is a huge administrative burden. It creates a ton of work and involves a lot of paper work. Errors in data entry are mor common.

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2. Payroll Documents

A common problem is the disorganisation of documents such as employee records. This is usually a matter or work flow: not keeping files and documents in a central location or creating a uniform filing process.

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3. Software and Payroll Setup

Not all programs are compatible. For example T&A and the Payroll software. This leads to mistakes and hours of human intervention

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4. Employee Absences

Manually tracking employees vacation and sick days is a task that has great potential for mistakes. In addition tracking which employees are not available due to various types of absences is critical for effective planning and optimum productivity

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5. Payroll deductions

Errors in Tax and Social security contributions can result in a great deal of grief for both employer and employees.

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6. Overtime Rules

There is very strict WRO & Laws that have to be adhered to with regards to overtime. Various taxes also apply

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7. Court Ordered Garnishees

Though not uncommon, the infrequent occurrence of court orders requirement garnishments from employee's income means the potential for errors. In these situations the employer is required to fulfil the court's terms. Failure to do so, or to do so correctly leaves the company subject to penalties and legal implications.

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8. Regulatory Compliance

As noted earlier, payroll rules and regulations change. These changes do not happen only annually. While we all strive to stay updated with changes that may occur, too often the overwhelming amount of information leads to compliance gaps.

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9. Employee Classification

Most companies make use of different types of workers. This can include permanent & temporary, full-time & Part-Time, freelance contractors etc.

Tax Misclassification can lead to miscalculation of taxes.

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10. Submissions

FS4, FS5 and FS7 submissions are to be done in correct and timely manner. Late or lack of payments and submissions can lead to criminal proceedings for the employer.

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Employee Queries

What are the most common questions employees ask regarding their payroll?

Payroll Issues

What are the most common issues you have to face with your payroll?

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Information

You have 3 minutes to mention the information that you would need from a new employee when he is enrolled in a company

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Questions?

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