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Payroll Best Practices
Four Secrets of High-Functioning Payroll Departments

Executive Summary

Payroll is the heart of every organization—but not every organization knows it. The most important contract between a company and its workers is administered by Payroll: accurate pay from the company in exchange for hours worked by the employee.

However, some organizations inadvertently take their payroll department for granted, undervaluing the department's contributions to the organization's success. In order for Payroll to play its natural role as a valued organizational resource, payroll professionals must institute the 4Cs of high functioning payroll departments: compliance, confidentiality, camaraderie and staying current. The best way to begin implementing the 4Cs? Your timekeeping system.

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Payroll—The Pulse of Every Organization

Acknowledged or not, the pulse of every organization beats loudest in its payroll department.

Often an organization's unsung heroes, payroll professionals conduct some of the most important activities that ensure the health and longevity of the company and its employees: accurately paying and tracking all employee wages and salaries. Without accurate payroll administration, organizations never fully understand their labor cost and its impact on their bottom line. Without timely paychecks, employees stop working altogether.

However, Payroll is often the hidden—and overlooked—resource in an organization's arsenal. Payroll departments can serve as a valuable resource on a strategic level, generating eye-opening reports on labor costs and overtime trends. Some payroll departments have claimed their natural role as a vital organizational resource through best practices, ensuring they meet department objectives as effectively as possible with leadership and integrity.

The 4Cs: Secrets of High Functioning Payroll Departments

Regardless of the type of organization they serve, high functioning payroll departments employ four best practices called the 4Cs: compliance, confidentiality, camaraderie and currency. Let's take a closer look at each.

Compliance. Not only must payroll departments follow the procedures mandated by their organizations, they are also subject to various federal, state and local regulations. Staying compliant means payroll professionals must keep up with any legislative changes and implement them as they go into effect. If a new regulation conflicts with an organization's internal payroll procedures, Payroll must resolve the conflicts in the most efficient way possible.

Confidentiality. A payroll professional's stock in trade is managing and administrating sensitive information on a daily basis. Ensuring confidentiality not only means keeping this information private and protected, but also safeguarding any internal communication about payroll-related queries or activities.

Camaraderie. In some cases, Payroll may be asked to supply certain information to other authorized departments such as Human Resources. Payroll professionals must be aware of which types of information can be safely shared—and with whom. Systems and policies can be instituted to allow Payroll to share information easily with other authorized departments, opening lines of communication, while protecting sensitive information.

Staying current. Staying current requires payroll professionals to keep up with new payroll technology and advances. In some cases, new payroll regulations will spark vendors to develop advanced features or new functionality in their products that further simplify, safeguard or systemize payroll administration.

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Payroll professionals can implement the 4Cs in a variety of ways, but where to start?

Timekeeping Systems: Optimizing for the 4Cs

Because most organizations today employ a timekeeping system that communicates directly with their payroll system, a timekeeping system can be the ideal place to hone the 4Cs.

Maintain Compliance

If you are currently searching for a new timekeeping system, ensure that the system you choose can be customized to meet your organization's specific internal needs and regulatory obligations. Benefit: The setup and customization process of a new system draws your attention to any conflicts between internal processes and regulatory demands.

If you have a timekeeping system in place, ensure that it meets the needs of the department by asking colleagues to identify any regularly occurring system issues or difficulties. Work with your timekeeping vendor partner to address these issues. Benefit: Assessing and tweaking your current timekeeping system helps increase department productivity and uses your ongoing partnership with your timekeeping vendor to your advantage.

Keep It Confidential

Protecting the confidentiality of payroll-related conversations is easier if your timekeeping system offers a messaging functionality that allows supervisors and employees to send messages within the system itself. Benefits: Employees who feel confident that messages to their supervisor remain private are more likely to communicate openly. Additionally, supervisors can track conversations and note activity in the timekeeping system that affect an employee's paycheck or time card.

Encourage Camaraderie

Camaraderie can be established on three levels: (1) with other administrative systems, (2) with other authorized departments, and (3) with supervisors during the payroll approval process.

Administrative Systems

Ensure your timekeeping system is fully integrated with other administrative systems. At minimum, the timekeeping and payroll systems must work hand-in-hand to ensure payroll accuracy. If your current timekeeping is not successfully integrated with payroll, HR and benefit systems, talk to your vendor partner about facilitating this.

Benefits: System integration is the easiest way to ensure accurate payroll administration and tracking. Also, timekeeping systems that give employees access to their own personal information (such as time, pay and benefits) both empower employees and reduce Payroll and HR headaches associated with answering these types of employee requests.
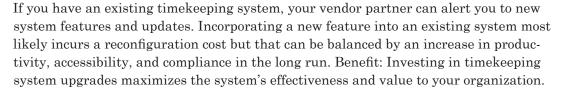
Authorized Departments

Customized report generation is another way your timekeeping system can establish successful communication with other authorized departments. Benefit: Sharing of appropriate payroll information with other authorized departments allows for better decision-making at a management level.

Supervisors and Payroll Approval

Facilitate payroll approval with your timekeeping system. A system that cues a payroll administrator of each department's time card status helps expedite the approval process. For example, a system that uses visual cues displays a green icon next to a department whose time cards are ready to be processed. A yellow icon means an unaddressed exception exists but does not affect payroll processing. A red icon means the department has not completed their time card editing. Benefit: Cueing helps payroll administrators quickly identify time card issues and drill down to the specific problem. In this way, administrators can act quickly to contact the supervisor or employee and request necessary corrections and/or approval.

Stay Current

Although some timekeeping systems are static, other subscription-based timekeeping systems are constantly updated to accommodate new compliance rules. If you are currently choosing a timekeeping system, select a vendor partner who is committed to monitoring payroll regulations and adjusting their product's features and functionality as needed. Benefit: Working with a vendor partner committed to staying current with payroll regulations makes best practices a team effort.

If you have an existing timekeeping system, your vendor partner can alert you to new system features and updates. Incorporating a new feature into an existing system most likely incurs a reconfiguration cost but that can be balanced by an increase in productivity, accessibility, and compliance in the long run. Benefit: Investing in timekeeping system upgrades maximizes the system's effectiveness and value to your organization.

Implementing (or refining) the 4Cs with your timekeeping system can be the simplest way to encourage best practices in your payroll department. Benefits will be felt on every level: employee, management, department and the organization overall.

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Instituting Payroll Best Practices with Your Timekeeping System

4Cs	System Features	Description	Benefits
Compliance	Customizable setup	Is customized to regulatory requirements and internal specifications	Identifies and resolves any conflicts between legal and internal processes
	Optimizable performance	Allows vendor to work with you to optimize system performance to meet department demands more effectively	Increases department productivity and uses vendor partnership to your advantage
Confidentiality	Internal system messaging	Allows managers and employees to communicate privately within in the system	Fosters open communication and provides audit trail of time- and pay-related conversations
Camaraderie	Administrative system integration	Collaborates seamlessly with payroll, HR and other internal administrative systems	Ensures accurate payroll administration and tracking; gives employees direct access to personal information
	Customized report generation	Easily shares payroll information with authorized departments	Encourages more informed decision-making on a management level
	Visual cueing of time card status	Visually signals department time card status as complete and approved, incomplete or requiring attention	Quickly identifies time card issues so that administrators can direct managers to address problems and expedite approval
Current	Vendor partner monitors changing payroll regulations	Vendor stays abreast of regulatory demands to develop system solutions	Makes vendor your partner in best practices
	New feature and system update alerts	Upgrades system features/ functionality to meet regulatory demands	Maximizes the system's effectiveness and value to the organization by investing in system upgrades

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Payroll—A Valued Resource

A high functioning payroll department plays a vital role in any successful organization. Best practices like the 4Cs—compliance, confidentiality, camaraderie and currency—naturally positions payroll as an important organizational resource. Payroll professionals seeking to broaden their department's organizational impact can begin implementing or refining the 4Cs through their timekeeping system. Employing a timekeeping system as an outlet for payroll best practices positively affect the organization on every level and help the payroll department add greater value and contribute to the leadership of the organization overall.

About Attendance on Demand, Inc.

Attendance on Demand employee time and attendance service supports the labor management needs of thousands of companies and a quarter of a million employees across North America. Launched in 2006, Attendance on Demand is a rapidly deployed, cloud-based solution that minimizes a company's risk and technology investment while providing advanced features for securely managing labor data — calculating pay rules, scheduling employees, budgeting labor, and automating record keeping for labor law compliance. With over 99.9962% uptime and above average customer retention rates, Attendance on Demand removes the worry of maintaining expensive infrastructure. An extensive North American distribution network helps organizations use Attendance on Demand to reduce labor expenses and improve decision making.

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