

Workforce Challenge: Reducing Payroll Errors

Even in this day of cloud-based software and automated employee management systems, many organizations still rely on manual time tracking and accounting. Or they're using separate, nonintegrated accounting systems for time tracking and payroll. Either way, the bottom line is this: There's a much greater chance for costly errors of all sorts, from missing pay to penalties for inaccurate tax payments.

Did you know that ...

- 22% of U.S. employees who are required to input their hours worked use a timecard or timesheet¹
- Nearly 1 in 5 payroll professionals (18%) spend much of their time on day-to-day activities, such as data entry²
- Manual data entry is also the payroll activity that results in the most errors (35%)³
- 25% of payroll inquiries are about employees' pay slips⁴
- The second most common reason for payroll inquiries is related to missing pay, at 22%⁵

Yes, getting payroll right is challenging. But studies prove that getting it wrong can cost you in more ways than you might have thought.

- » New employees who would leave their jobs if their first paycheck was wrong — 82 million⁷
- » U.S. workers and their families who live paycheck to paycheck — 58%⁸
- » Employees who are less than certain that payroll withholding and the net amount of their paycheck are correct each payday — 11%⁹
- » Employees who would find it difficult to meet current financial obligations if their next paycheck was delayed for a week — 67%¹⁰
- » Average reduction in rate of payroll errors and time required for corrections with an automated system — 60%–80%¹¹



\$4.96 billion

The amount of **civil tax penalties the IRS levied against U.S. businesses for employment tax violations** in 2014.⁶

What if you could:



Have complete time and payroll automation, eliminating timekeeping errors, with no manual transfer of data or manual calculations



Automatically flag exceptions that violate your organization's policies and alert managers, so they can act on actions such as missed punches, early or late arrivals, and extended or skipped breaks — all of which can result in payroll errors



Automate data delivery of correctly calculated hours to your payroll system, so each employee check is cut right the first time



Run as many reports as needed — payroll register, labor distribution, general ledger, and more — before finalizing and submitting payroll to help ensure accurate results



Get automatic alerts throughout the process to flag issues and reduce errors

What could employee data visibility mean to you?

There's no doubt about the pitfalls that come with relying on manual data entry, manual payroll processes, or manual reconciliation of separate automated systems for time tracking and payroll. You're creating a healthy environment for greater risk of human error, lost productivity, and damage to employee engagement — all of which can have tangible costs to your business.

Top-performing companies, meanwhile, have an average payroll error rate of only 0.7 percent per pay period, compared with the peer average of 1.2 percent.¹² The right system can reduce errors and costs caused by payroll leaks, inefficient payroll software or manual processes, and compliance with labor and pay regulations, union regulations, and pay rules.

Calculation example:

By reducing the average payroll error rate from **1.2% to 0.7%**, you could reduce your payroll by **\$22,695 for every 100 employees**, based on the average national weekly earnings rate (\$907.82 average weekly earnings × 50 weeks × 100 FTE × 0.5% payroll error rate difference).¹³

With our workforce solution you can:

- **Empower managers to manage by exception**, reviewing and approving employee time daily, so pay accurately reflects employee time
- **Proactively identify issues and collaborate** with email alerts and robust workflows that flag issues to avoid the inevitable payroll problems
- **Save time for managers and supervisors**, so they can focus more on revenue-generating activities, such as customer service or production quality

"Being paid is the definition of work. If you can't get it right, really nothing else matters. And you have to get it right for compliance reasons, as well as for your employees. Nobody likes surprises, particularly when it comes to their money."

— **Mollie Lombardi, Co-founder and CEO**
Aptitude Research¹⁴

¹ American Payroll Association, *2015 Getting Paid in America* (2015), at 14, from a selected summary of responses found at <http://www.nationalpayrollweek.com/documents/NPW2015SurveyResults.pdf>.

² Mercer LLC, Virginia McMorrow, *Mercer Payroll Benchmarking Survey 2015*, Payroll Operations Country Survey United States (2016), at 15.

³ *Ibid.*, at 15.

⁴ *Ibid.*, at 39.

⁵ *Ibid.*, at 39.

⁶ U.S. Internal Revenue Service, *Internal Revenue Service Data Book*, 2014, at 44, found at <https://www.irs.gov/pub/irs-soi/14databk.pdf>.

⁷ Kronos Incorporated, *New Workforce Institute at Kronos Survey: Payroll Problems Affect 82 Million American Workers* (March 27, 2017), found at <https://www.kronos.com/about-us/newsroom/new-workforce-institute-kronos-survey-payroll-problems-affect-82-million-american-workers>.

⁸ *Ibid.*

⁹ American Payroll Association, *2015 Getting Paid in America* (2015), at 1, from a selected summary of responses found at <http://www.nationalpayrollweek.com/documents/NPW2015SurveyResults.pdf>.

¹⁰ *Ibid.*, at 6.

¹¹ SMB Group, *Cloud-based Workforce Management Powers Midsized Organizations* (December 2015), at 6.

¹² The Aberdeen Group, *Workforce Management for the SMB: Big Results for Small and Medium Business* (2014), at 4.

¹³ U.S. Department of Labor, *Bureau of Labor Statistics, Economic News Release* (Sept. 1, 2017), found at <https://www.bls.gov/news.release/empst.t19.htm>.

¹⁴ Mollie Lombardi, *Aptitude Index Report — Payroll Solutions*, Aptitude Research Partners (June 2017), at 9.