

Top 3 difficulties encountered in the payroll process and how we can resolve them

Depending on the activity of the company or its number of employees, various difficulties may be encountered in the payroll process. Below, we'll discuss about three of the most common issues faced by payroll specialists, as well as some of Accace's ideas about how to solve them.

1. Proper management of timesheets

It is well known that, in the case of companies with many employees, different locations, different types of work norms in individual labor contracts, employees working from home or even in the case of a 100% office-based staff, the correct management of daily presence can become a difficult task.

The first reaction of people working in the internal HR department is to seek solutions that involve a very low cost or no cost at all, the easiest procedure being the management of data using an Excel file. Unfortunately, in most cases, this solution doesn't provide a high degree of accuracy or efficiency, and creating such a file by aggregating data from multiple sources becomes a chore that can block the HR specialist in this activity for an entire day or even more.

Simultaneously with drafting the timesheets, documents justifying employee absences must be verified – requests for paid or unpaid leave, medical certificates, requests for study leaves, special events and so on. If there are also hours of work during weekends, overtime, night shifts or hours of work on holidays, it becomes impossible to manually draft the timesheet in Excel with 100% accuracy.

The solution for streamlining and facilitating all these activities is to outsource this service to a specialized company, because most often the consultants have access to computer systems that can be customized according to the client's profile. These systems allow creating online requests for any kind of absences, setting workflows to approve such requests, receiving notifications by e-mail by all parties involved in this process, automatically creating the request for leave in .PDF format, depending on selected data, sending the request by e-mail to all parties involved in the process, etc.

At the end of the month, all these actions result in a clear, coherent and consistent timesheet report, properly documented in accordance with the law, which can be imported in the payroll module. This way, the accuracy rate reaches 100%, and every aspect can be easily verified and validated by each employee or manager. In addition, this solution is providing a high mobility for company employees, since it is available online, meaning that it can be accessed from anywhere, as long as there is an Internet connection.

2. Managing personnel files

In this case, we are referring to documents on which the payroll process is based – individual labor contracts, addendums, decisions to cease or suspend activity, declarations regarding personal deduction, the employee's healthcare insurance or IBAN.

The issue of managing personnel files can be solved successfully within the internal HR department, but is subject to a very good organization of the information flow. Accace recommends for this process to be managed since the beginning based on a mandatory list of documents that must be present in each employee's file.

Another very significant aspect is the way in which HR people inform employees about the importance of these documents, the fact that their presence in the personnel file is mandatory, and how each of these documents is important for the payroll process. Furthermore, besides this information, the HR department should set and transmit the deadline by which employees must submit these documents. Later on, it is recommended for HR specialists follow up with employees who didn't bring their documents on time.

All this work requires the HR department to have a personnel management specialist who devotes 80-90% of their time to this activity and the direct interaction with employees. It is important to consider that having such a specialist involves much higher costs compared to the scenario in which the company is outsourcing the entire HR service to a specialized company.

Outsourcing HR services can also include the management of personnel files using specialized software. Managing personnel files in a scanned format, stored online, is a very current and effective solution, which enables the HR consultant to keep a virtual employee file that includes all scanned documents, plus a checklist for them. Thus, the consultant has permanent access to an updated audit of files. Additionally, they can print, export and send these records at any time, so that the client can have an overview of the status of personnel files. This software also allows the setting of automatic e-mail alerts that notify the employees who have an incomplete file or whose documents are about to expire, all these notifications being sent at a specific period of time, chosen by the client.

3. The correct taxation of benefits in kind / identifying the benefits in kind with the lowest cost for employees and the company

Currently, in many companies in Romania, the monthly salary is no longer the only aspect negotiated at the time of employment, but the whole benefit package as well. The companies are offering various facilities to employees, without knowing that they represent benefits in kind and the tax treatment applicable to them is special. Accace points out that not all benefits in kind have the same treatment regarding social contributions and income tax. Therefore, in order to identify the exact taxation system, companies need the expertise of a specialist who has experience in various industries, on different types of benefits, know-how in identifying benefits that require the lowest costs for the company and the employees, and last but not least, who can offer the best solutions for maintaining payroll compliance.

Thus, for managing compensations and benefits, companies have the option of hiring specialists for the internal HR department, but in time this option can prove to be more costly than outsourcing. Why? Because companies will discover that such specialists imply high costs, including a big budget for professional conferences, legislative programs and other tools that keep them in line with legislative changes and market solutions that help them streamline the strategy for granting and taxing benefits in kind. All these costs are added to the indirect costs for work equipment, stationery, utilities, etc. Therefore, outsourcing these services can easily solve all the issues above, at a much lower cost.

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