

Top Challenges in Payroll & HR



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About The Author

Heading to her third year of experience within Accace, Maria Cojocariu is currently company's Payroll Manager, responsible with coordinating the local payroll and HR operations. During her time in Accace, Maria had a constant presence in local media, both online and print, as well as several TV interventions that followed the release of company's regional studies.

Prior to Accace, Maria specialized in payroll outsourcing and labor law matters, by obtaining a qualification in human resource management, approved by the Ministry of Labour and by holding key positions in several other well-known outsourcing companies.



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Considering each company's area of activity and its number of employees, various technical or legal difficulties may be encountered in the payroll process.

The current material approaches **three of the most common issues** faced by payroll specialists, and presents the best available **solutions** for dealing with these matters.



1

Manage Your
Timesheets
Properly

2

Keep Track of
Personnel
Files

3

Correct Taxation of
Benefits in
Kind (what is the
Lowest Cost for
Employees and for
Company?)

1. Proper Management of Timesheets

It is well known that for companies with many employees, the correct management of daily presence can become a difficult task for the HR department, especially when dealing with employees working in different locations, all around the city, district or country, working based on a non standard quota, or dealing with home office labour agreements.



The first reaction of people working in the internal HR department **is to seek solutions that involve a very low cost** or cost free, the easiest procedure being the management of data using an Excel file.

Unfortunately this solution doesn't provide a high degree of accuracy or efficiency because the HR specialist may get stuck with this manual activity, leaving less time for actual payroll processing and verification. Simultaneously, the documents that justify employee absences must be verified – requests for paid or unpaid leave, medical certificates, requests for study leaves and so on.

If there are also hours worked during weekends, overtime, night shifts or hours of work during official holidays, it becomes impossible to manually process the timesheet in an Excel file with 100% accuracy.



The solution leading to the streamlining of all these activities **is outsourcing** to a company that has access to a document management technology, such as **TULIP**, which can be customized according to client's specific conditions. This way, you will not have to support the high costs of implementation and maintenance of your own internal IT solution, but rather "rent" it via the outsourcing company that will deal with the setup and upgrades.

Employees will be able to create online requests for any kind of absences, which will automatically be added to an integrated approval workflow system. Supervisors and payroll or HR departments will be notified by the system each time they need to approve certain requests. The system will provide each user with the approval/processing status of each document.



At the end of the month, the system will provide a 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, from any mobile, tablet or desktop devices.

2. Managing Personnel Files

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



The issue of managing personnel files can be solved successfully within the internal HR department, however it is very important to keep in mind that such a success depends 100% of a very good information flow.

As a basic step in this process, Accace recommends managing the entire process for each employee based on a mandatory check list of documentation vital for your employees files.

Be very aware of the way your staff is informed regarding these aspects! It is very important that you keep a transparent approach and inform all your employees, about the fact that the law imposes a list of mandatory documentation for each employment file, thus the presence of these documents **is not optional**. On the same note, they should be informed that the details requested by HR personnel, **have a direct impact on their payroll calculation**.



All previous activities require the presence of a team of HR specialists that will dedicated approximately 80%-90% of their time to this full administrative work and a direct interaction with the employees, in order to get things done properly.

It is important to consider that having an HR specialist is vital if we consider the penalties applicable when it comes to employment documentation. At the same time, it **involves much higher costs** compared to the scenario in which the company is outsourcing the entire HR service to a specialized company.

Outsourcing the HR services is usually an efficient alternative because **the management of personnel files is done with specialized software**. Managing personnel files in a scanned format, stored online, is a very effective solution which enables the HR consultant to keep a virtual employee file that includes all employee's documents, plus an interactive check list for them.

Thus, the consultant has permanent access to an updated audit of files and the option to setup automatic e-mail or SMS 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.

Therefore, up to date solutions for our problems are not so hard to be accessed, as long as you choose your HR Outsourcing provider smart!

3. Correct Taxation of Benefits in Kind with the Lowest Cost for Employees & for Company



Currently, in many companies in Romania, the monthly salary is no longer the solely aspect negotiated at the time of employment, but the whole benefit package as well.

Companies are willing to offer various benefits to their future and present employees, however few of them are aware of the fact that 90% of them are considered benefits in kind and require a special taxation treatment. 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 dealt already with compensations and benefits in various industries.



Such a consultant, will be able to identify the benefits with the lowest cost for the company and for the employees, and last but not least, who can offer the best solutions for maintaining payroll compliance within your company or group of companies.

Thus, for managing compensations and benefits applicable matters, 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 large budget for professional conferences, legislative programs and other tools that keep them in line with legislative changes and streamline their strategy when granting benefits in kind.

It is important to keep in mind that at the end of the month, the above direct costs will be added to some indirect ones such as work equipment, stationery, utilities, etc.

Therefore, outsourcing these services can easily solve all the issues above, at a much lower cost.



About Accace

With a vast experience in outsourcing and advisory in Central and Eastern Europe, Accace currently offers these services globally, both through offices in Romania, Czech Republic, Germany, Hungary, Poland, Slovakia, and Ukraine, as well as in other 12 countries through its established partners, namely in Austria, Bulgaria, Croatia, China, India, Luxemburg, the Netherlands, Russia, Serbia, Slovenia and UK.

Accace's wide range of services include: accounting, financial reporting, corporate and secretarial services, payroll, human resources management, as well as tax and business advisory.

Furthermore, Accace had developed its own platform, to support and improve payroll, HR and accounting document management.



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