

*Companies can put themselves in a dangerous situation if they don't have enough resources to support their Payroll function. Even in large or mid-sized organizations, the Payroll department is often fairly small—with some companies having only one or two people to handle everything. With these limited resources, Payroll is susceptible to a number of problems to which other departments are not exposed.*



## **BE PREPARED**

Many Payroll personnel have long tenure with their companies. They have been doing what they do for so long that it's all in their heads. But the Payroll process is not a simple push of a button—it's about understanding and knowing:

- *The Payroll practices and policies of that company*
- *The exceptions*
- *The contacts*
- *The interfaces that need to be coming in and going out*

*And that's not all. Payroll has to be correct and it has to be timely—so there are also the detailed audits that must be done to keep everything in check.*

But what happens if your Payroll person retires, or has a sudden life change or illness causing an unscheduled leave of absence for a prolonged period? Do you have a backup plan?



## **WHAT CAN GO WRONG?**

When the people in your Payroll department have been there for a long time and all the information is only in their heads, your documented processes and checklists may be incomplete. If something happens to that person, you have to recreate the entire Payroll process.

To prevent your organization from ever having to scramble to make Payroll happen in the sudden absence of your Payroll person, you need some kind of backup plan.

As a temporary solution to this problem, companies may move someone from another department to fill in, reach out to a third party for help, or contact their vendor to do a onetime generic Payroll run. Cleaning up after using a generic Payroll run as a Band-Aid can become a nightmare involving adjusting deductions, overall pay, taxes, and more. The trouble with any of these options is that they are, in fact, temporary, and there has to be something more consistent and reliable in place for the long haul.

## **Two Things Your Payroll Department Can Do to Be Prepared for Unexpected and Unplanned Events**



### **1. CREATE A LONG TERM BACKUP PLAN**

The first step to protect your company from the costly risk of putting all your eggs in one Payroll person's basket (and they leave) is to create a backup plan. You must be ready to keep all of your normal processes flowing no matter what changes occur.

Start by creating documentation of every step within your Payroll processes. Involve the current Payroll staff to capture every nuance of the processes and create checklists to pull it all together. Then invite someone from outside of Payroll, or within the department who has other primary duties and has never done Payroll before, to follow the steps and directions to see if they can execute a timely and accurate Payroll run.

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## CREATE A LONG TERM BACKUP PLAN (*CONTINUED*)

Keeping your Payroll documentation up to date is well worth the required time investment. Make it a part of your long term plan to review and update checklists and preparatory documents at least quarterly.

Regardless of your Payroll team size, train somebody else in your organization to handle Payroll . If there are multiple members on the HR/Payroll team, cross-training is another option. Thorough documentation will make it easy to train them because it's your best possible training tool. Using the documentation to train staff is a great way to test it—thus confirming it is accurate and easy to follow.



## 2. REACH OUTSIDE FOR EXPERT ASSISTANCE

Sometimes Payroll changes happen unexpectedly and a third-party partner is often the most effective solution. They can step in and take over additional tasks that would otherwise overburden your Payroll department while you recruit another Payroll person, or simply work toward picking up where the person left off. Third-party consulting partners come to the table with extensive HR/Payroll experience and can also offer the added benefit of potentially refining your processes or identifying errors that your internal team had not noticed.

You can't miss Payroll . Employees **MUST** be paid correctly every pay period, every time. However, unexpected things happen all of the time. Just because a Payroll person has been with your company for many years doesn't mean they'll be there forever. Planning ahead for any eventuality can become your primary safety net.

Things are rarely straightforward when it comes to business process concerns that carry so much risk. But in this case, all it takes is some effective and consistently updated documentation, and a partnership with a third-party consulting partner who can assess your operation, recommend best practices, and fill in any gaps caused by turnover or internal resource constraints.



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