

Paying its dues

Payroll still suffers the stigma of being a back-office, low-profile function of HR – leaving those in the profession disheartened. Benjamin Nice looks at how the industry can combat its negative perceptions.



Just a few weeks ago, a glitch in the IT system at NAB caused widespread frustration and panic for employees around the country after wages were delayed and thousands, perhaps millions, of people were left without money for several days.

While the blame undoubtedly lay with the bank and its system providers, payroll staff across the country also bore the brunt of the blunder, with many receiving a barrage of complaints from understandably angry and confused staff who were concerned about how they were going to meet direct debit payments or their rent.

Rewind four months and the same thing happened. But in that case, a data processing error at NAB left millions of customers scrambling for information, unable to access their accounts or receive their wages for up to a week.

The drama once again underpinned the absolute importance that the payroll function plays within businesses and the massive scale of responsibility for the individuals who are left to deal with such episodes.

Building a presence

While technology can certainly go a long way in helping to maintain a flawless payroll system, Alexia Tzovlas, HR shared services operations manager of the Australian Red Cross Blood Service, believes the key to success is to acquire and retain good talent within the function – something that is not always easy in such a low-profile and often undervalued profession.

“Payroll has traditionally been viewed as a back-office function rather than a profit centre,” says Tzovlas. “It’s hard for payroll professionals. There’s often confusion within organisations as to whether the department sits under the finance umbrella or within the HR team, which means that traditionally they don’t have a very strong profile within the organisation.”

Echoing Tzovlas’s sentiments, Jason Low, general manager of The Association for Payroll Specialists (TAPS), says he is amazed that some organisations continue to overlook and undervalue the importance of payroll, pointing out that even a small error could cost a business hundreds of thousands of dollars.

Low acknowledges that it is difficult for payroll staff and notes the irony of the situation – the better payroll the team performs, the lower the profession’s profile becomes.

“Payroll professionals work hard to ensure that employees are paid correctly and on time. It’s not until something goes wrong that people even think about payroll,” says Low.

Tzovlas, who has more than 25 years of industry-related experience and has chaired an Australian payroll standards committee, insists that in order to combat the negativity within the profession, payroll teams must be more proactive and be seen to be more valuable and visible to the business.

“It is important that payroll be viewed as a knowledge base for the organisation. This can be achieved by going through different channels within the company to provide information and advice to the workforce.

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For example, the FAQ section or company intranet are good places to start,” explains Tzovlas.

“Payroll needs to be involved when other parts of the business are making decisions about issues in terms of people management. To have a voice and be visible can be achieved by creating opportunities within the organisation.”

Ticking the boxes

Payroll – which often accounts for as much as 60 per cent of a company’s outgoings – must be effectively managed. It also has to keep up with the constant changes in legislation and compliance.

In the past 18 months alone, the payroll profession has had to deal with the introduction of the *Fair Work Act*, the National Employment Standards and the Modern Awards. According to Tzovlas, the issue of the day is the new Paid Parental Leave Scheme, which comes into force on 1 July 2011.

“Legislation is constantly on the move in payroll. One of the biggest changes that we, as a broad community, would have experienced this year is paid parental leave. Organisations need to make decisions on how they manage that,” says Tzovlas.

Despite recent promises by the government to simplify future changes, Low is sceptical of the pledges and expects to see an increasing number of adjustments to legislation in the future.

“Despite claims by the government of simplification, I expect that the endless changes in legislation will continue to place enormous demands on payroll,” says Low.

“With a constantly changing legislative environment, the most important investment an employer can make is to have qualified and experienced payroll staff and to ensure that their knowledge is kept up to date with regular training.”

Keeping ahead of the game

In terms of compliance, one way that companies can make it easier on themselves is to keep up-to-date with the latest technology available on the market, says Shafiq Lokhandwala, chief executive officer of US payroll software provider NuView Inc.

“Since some of the most significant and critical parts of a payroll professional’s job is compliance, new payroll products and services will be designed to effectively enable compliance as well as reduce the burden of payroll administration,” says Lokhandwala.

“It will be critical for technology to be flexible and respond quickly to legislative compliance changes.”

In terms of current technological trends within the payroll industry, Lokhandwala says that self-service or “kiosk” systems are becoming an increasingly popular option among employers, with staff able to access information such as timesheets, leave balances and pay slips with the click of a button – or even using their mobile phone.

Lokhandwala also highlights the importance of being able to link payroll to scheduling and budgeting aspects of the business, which he says will

assist managers in making more informed decisions regarding overtime and staffing/service levels.

“Payroll technology will always focus on process,” he says. “With our workforces more mobile and high utilisation of contingent labour, it will be critical to capture information such as time and attendance and absence for our remote workforce. We will see more enhanced solutions managing benefit plans and reducing duplication of costs.”

Despite the clear advantages that new technology can offer to the payroll industry – and indeed the broader business – Low warns that companies must be careful when considering new systems, and should refrain from relying on technology as the answer to everything.

“The biggest story of the year has to be the Queensland Health payroll stuff-up ... they implemented a new payroll system that resulted in more than 35,000 payroll errors,” says Low.

“Having already spent \$64.5 million to implement the system, the Queensland Government will now spend more than \$200 million to fix the faulty payroll system in a project that may take up to three years to complete.”

“All employers can learn a lesson from Queensland Health – payroll is not as simple as buying a system and pushing a button.”

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