



South African Payroll Association

7 March 2017

How to run a cost-effective payroll

Employees who are paid efficiently, accurately and on time are productive and profitable, which is why payroll administration is a high-return investment for every organisation.

“But payroll administration needn't be expensive,” says Lavine Haripersad, Director at the South African Payroll Association (SAPA). “By taking some sensible steps, organisations can reduce inefficiencies and save money in the long run.”

Although some new organisations might manage their payroll using a combination of paper forms and spreadsheets, this translates into wasting money on unnecessary labour costs, double-checking input and calculations, or correcting errors. “Invest in specialised payroll software that does all the background work for you. It seems pricey, but it pays dividends in speed, accuracy and compliance,” says Haripersad.

The cost of legislative penalties and fines resulting from non-compliant payrolls could impact a company hugely as infringements are not tolerated by legislatively authorities. How confident are you therefor that your systems and processes have fully incorporated legislative obligations?

Go for quality

Haripersad warns against utilising freeware or open source systems in order to save money. “Inevitably, you will suffer from the lack of support, while viruses will also take their toll. Always choose a well-known package. You'll realise savings through ongoing development and professional support.”

Companies are also advised to use software to its maximum effect by configuring the latest tax tables and other rates, which will allow for calculations that once took hours to complete, to be done in minutes. In addition, any available templates, business rules or automated procedures, like approval processes, escalations, alerts or automatic report transmission should be used. Says Haripersad: “Check your package's capabilities with your payroll software consultant, and stay abreast of the improvements that software providers continuously add to their solutions. It could trim hours off your monthly workload.”

Set rules

The larger an organisation's payroll, the more administrators it will need to stay ahead. To run cost-effectively, a strong set of payroll rules must be implemented and adhered to. "Policies and procedures ensure the payroll team's work is right the first time, every time, and aligns with organisational requirements," states Haripersad.

However, complications may also arise from incorrect configuration of such pay rules. It is therefore highly recommended that companies engage the services of an external professional to conduct a full payroll audit, to identify potential risks and areas of exposure to the business. This gives an opportunity to take action and to remedy the situation.

As a company's workforce grows, policies and procedures may no longer be appropriate or efficient. It is therefore advisable to review systems once a year to ensure the organisation can scale with the growth. Important points to consider include whether the current software in use is still appropriate; where excessive costs can be trimmed from processes and how these can be simplified. All of which could potentially hold notable savings for a business.

Get support

"A good payroll consultant has worked with many companies and has learned how the best payrolls are run," says Haripersad. "They'll assist a company in creating the most cost-effective system possible and stay compliant." Consultants may also assist with payroll audits, and can advise on efficiency improvements and irregularities.

Perhaps most importantly, Haripersad urges companies to avoid managing payroll with unqualified staff. It might seem cost effective initially, however, errors, inaccuracies and non-compliance will snowball. "Employ qualified payroll administrators from the start," Haripersad stresses. "Their knowledge, experience and dedication will create cost-cutting efficiencies."

Robust reporting

Companies should further ensure that they have robust reporting and legislative submission mechanisms in place. This will support meeting the critical legislative deadlines and avoiding penalties.

More than a server crash, organisational leaders fear a late or error-ridden payroll run. Therefore, never scrimp on this business-critical function. By using the correct software, processes and talents, you can lower costs while protecting your payroll integrity.

ENDS

MEDIA CONTACT: Idéle Prinsloo, 082 573 9219, idele@thatpoint.co.za,
www.atthatpoint.co.za

For more information on SAPA please visit:

Website: <http://www.sapayroll.co.za/>

Twitter: [@SAPayroll](https://twitter.com/SAPayroll)

LinkedIn: [The South African Payroll Association](https://www.linkedin.com/company/the-south-african-payroll-association)