

SHOULD YOU OUTSOURCE YOUR PAYROLL?

To outsource or not to outsource your payroll. It's a contentious topic but it doesn't have to be. The bottom line is that it's both a legal and motivational essential to pay your people accurately and on time.

So what's the best way for you to ensure you can deliver your payroll with the least risk and least mistakes?

Here's our 10-point checklist designed to help you decide which approach is right for you.

1. Review and map every step in your current payroll process. How manual is it? How often are mistakes made?
2. Identify any single points of failure such as particular expertise held by one individual, or limitations of systems that restrict external access.
3. Determine how long it takes your payroll team to process your payroll. Consider complexities such as weekly or monthly running times and payment lead times.
4. How quickly can your payroll team adapt to changes in legislation or other regulatory requirements? Consider if you're reliant on other teams to do this such as IT.
5. Consider what tasks outside of the transactional payroll operation your team need to complete, and whether there are outstanding tasks they never get round to.
6. Review how often the payroll team needs training, and how long it takes to train anyone new. This is key to establishing costs and risks when it comes to the skills you need.
7. Map out your total payroll costs including employee salaries, training, over and underpayments, the extra time spent fixing mistakes, the time spent addressing payroll queries and identify the areas that you can't attribute a figure to.
8. Consider what data, analytics and reporting you are currently able to do to understand your payroll, and what gaps you have.
9. Research outsourcing providers to establish costs and compare to your total in-house costs for running payroll, including those areas you can't fix a value to.
10. Weigh up all these factors and decide whether outsourcing your payroll would save time, money and reduce your risk, alongside where you can redeploy employees to use their skills elsewhere.