



7 Benefits of Payroll Automation

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ERIC ST-JEAN,

Company leaders looking for ways to improve the efficiency and accuracy of internal processes might find that their organization will benefit from payroll automation.

Automation might not replace all the manual tasks required to pay employees, but using software to perform many of them reduces errors, produces results more quickly and can save the company money, among other benefits. Some tasks accomplished by payroll automation include automatic tax calculation and integrating time sheet data.

Learn more.

What is payroll automation?

Payroll automation is using software to reduce the number of manual steps performed by the payroll team. Because software can process large amounts of data quickly and consistently, automated processes tend to be more reliable than doing the work manually.

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Payroll automation also makes it easier to capture pay-related data, gather approvals, and provide payroll data quickly and efficiently.

5 common payroll automation tasks

Here are some of the tasks accomplished by payroll software when a company automates these processes.

1. DATA TRANSFER FROM HR TO PAYROLL

HR staff usually enter any employee data changes in an HR system. Selecting a certain software and configuration results in the new information transferring to the payroll system as well.

If a company uses a module in its HR system for payroll, the payroll team can access that data without any extra effort. However, if the payroll system is separate from the HR system, pushing the HR data to payroll requires an interface.

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2. AUTOMATIC TAX CALCULATION

Calculating the taxes that employees and the company must pay can be a time-consuming process, particularly if a company employs workers in multiple locations with different tax laws.

Payroll software can calculate taxes and do so automatically each pay period.

3. PREVIOUS PAYROLL COMPARISON

Many payroll systems can highlight any significant differences between the current payroll run and a previous payroll run. For example, the payroll system can alert users about an hourly employee who has not recorded any hours for the current pay period.

This ability enables the payroll team to quickly identify any potential issues without needing to double-check all the data.

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4. AUTOMATIC INCLUSION OF FIXED DEDUCTIONS

Payroll software can automatically subtract the proper deductions for each employee, avoiding the need for manual calculations.

For example, employees often pay a certain amount for benefits. A payroll system can automatically include these costs in each pay run.

5. INTEGRATION OF TIME SHEET DATA

Time sheet approvals by supervisors and the data from the time sheets can flow from time sheet software to the payroll system.

The payroll department will then be able to access data about the number of hours to pay employees, records of vacation or sick time, and any unusual information, such as overtime or shift premiums.

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Automating payroll can benefit organizations in various ways.

1. PAYROLL PROCESSES FASTER

A key benefit of payroll automation is the ability of the payroll team to process payroll more quickly because the payroll system automatically performs routine calculations.

Payroll software performing calculations enables the payroll team to focus on any anomalies or issues that require human intervention.

2. REDUCES ERRORS

Payroll software automatically carrying out calculations reduces human-generated errors.

In addition, the payroll team won't need to rekey data from other sources, such as the HR system or time sheets, which also reduces mistakes.

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3. IMPROVES RECORD-KEEPING

The payroll system can capture approvals and record them for audit purposes, which simplifies record-keeping.

Approvals in the system can also act as notifications to the payroll team that they can now process data, which is more convenient for payroll staff.

4. REDUCES COSTS

Automating payroll speeds up the turnaround time for processing payroll, so employees who work on the payroll process, such as workers who review the payroll before submission, can move on to other tasks more quickly. This can lead to the employees potentially accomplishing more.

5. IMPROVED DATA SECURITY

Automating payroll reduces the need for an employee to extract payroll data and send it to someone else who needs it. Instead, employees can receive the required security access and look up the information directly in the payroll system, which is more secure than sending the data.

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An interface can pass the necessary data to other systems, which is also more secure than sending the data to other employees.

6. PROVIDE EMPLOYEE SELF-SERVICE

Payroll automation enables employees to look up needed information without contacting the payroll team.

This saves time for both employees and the payroll team and allows the payroll team to focus on more productive tasks.

7. REPORTING

A payroll system provides various reports and the ability to build custom reports, and users can pull real-time data when required.

For example, an employee with the right permissions can produce a report that shows year-to-date balances for all employees or create a report about payroll-related expenses. Built-in reporting functionality simplifies the reporting process for multiple departments, including payroll, finance and HR.