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Outsourcing Payroll & Other HR Processes

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Introduction

A significant amount of time and energy is spent processing payroll.

The task can be daunting at times between collecting timesheets, reviewing time off requests, balancing leave, knowing statutory taxes, retirement contributions, insurance premiums, and every other nuance that goes into payroll.

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Many municipalities struggle with the decision to outsource or wonder if it is worth the time and effort to consider a change to outsourcing payroll – or even other HR processes along with payroll.

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Agenda

- What is the difference between a 3rd party payroll system and an HRIS system?
- What all can the programs do?
- Pros and Cons
- Questions to Ask
- A list of the most common payroll systems used and the estimated costs associated.
- What are the changes to your payroll processing and what steps do you need to follow to implement the new process?

Q & A

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What is an HRIS system

One of the key components of an HRIS is managing payroll, but most systems are not limited to that. Companies that use the software can also integrate time and attendance, manage employee performance, track competency, and set training schedules.

An HRIS system becomes the central place where employee data is held, making it the streamlined hub for human resources to handle any situation that arises with an employee in an organized and documented manner.

PROS

- Self Service for employees for direct deposit, tax set-up, pay statements and annual W-2s.
- Most all systems have mobile apps that employees can have access to on cell phones 24/7.
- Less errors with compliance in processing payroll as the system would be set up to handle taxes, garnishments, and other deductions and retirement contributions.
- Quicker, more streamlined process for payroll processor.
- Can be full HRIS system to gradually add other program aspects in recruitment, performance, benefit integration, etc.

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CONS

- Can be expensive and may have minimum contract requirements.
- Extensive training needed and there is no quick turn around time to implementation.
- A lot of CHANGE for your employees.

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Best Payroll Services for Small Businesses (as determined by Forbes polls)

- ADP Run (<50 employees)
- ADP Workforce Software (+100 employees)
- OnPay
- Gusto
- Paychex Flex (Simplicity)
- Paylocity (+100 employees)

*Pricing for all payroll programs are typically customized package rates that are set up on a set fee per month/per program (\$40 - \$80), plus additional fee for timeclocks, cloud storage, and a monthly per employee set amount (\$6-10 each).

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Questions to Ask

1

Before beginning the process ask "What do we need the system to do and what is our budget?"

Contractor payments, tax filling, or 1095-C processes? Is cloud storage needed?

2

Inquiring with the different programs and ask what they can offer you.

Is there easy implementation? What is the timeline to implement?

Will there be a designated representative assigned to us through the process?

3

How much does it cost, and how long do we have before rates change?

Specifically, what are all the costs associated? Costs for timeclocks, checks, and is time and attendance separate from fee for payroll services?

4

Who will be trained to utilize the new system, and will it affect the changes in organizational structure?

Will we need to have IT involved in the process to help with timeclocks, badges, etc.?

5

What needs to be involved in the addition to employees to the new system?

Will it require new tax documents, direct deposit, Empower Retirement or SCRS/PORS integration be required?

Will employees need to be trained on self-service?

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How do we get there?

STEPS to make the transition:

1. Get your data together, change managers in place, and gain buy-in across your leadership team.
2. Plan your budget. What all do we need/want to have the system do?
3. Plan who will be involved in the process. How much training will be required and how long?
4. Set your timeline to implementation.
5. Inform your staff and set your training schedule.
6. Integrate your current program with the new. Be sure to check for a test run payroll before it goes live to ensure there are no hiccups.

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Summary

While the costs to changing to a payroll processing system are high, there are clear advantages to making the transition.

For those with over 50 employees, it will save your Payroll/HR department time and help alleviate any user errors!

<https://www.forbes.com/advisor/business/payroll-outsourcing/>

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Questions???

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