

Four ways automation helps solve your payroll pain points

Four common payroll pain points and automation approaches to solving them.



Digital on Demand

A PwC Product



Paying everyone in your company accurately and on-time is not only essential, but it also seems like it should be straightforward. Ask anyone who has had to tie together disparate systems across geographies and through complex corporate structures, and you'll quickly understand just how difficult it can be.

There's barely enough time to complete the basics and troubleshoot problems, much less leverage payroll data to drive organizational improvement.

Ask anyone who has had to tie together disparate systems across geographies and through complex corporate structures, and you'll quickly understand just how difficult it can be.

Payroll automation can turn many of your payroll pain points into payroll success stories to drive value. Here are automation solutions to four of the most common payroll pain points.

Automation solutions to four of the most common payroll pain points

Pain point 1: Siloed payroll data

Accurate payroll depends on bringing together data from several different sources. Your time tracking system may not talk to your payroll processor. Healthcare premiums might involve another separate system, and you may track 401k contributions in another data silo. Expense management, loan management, and attendance management might each have its own system. Bringing these disparate data sources into agreement every pay period is a time-consuming effort. Plus, manually transferring data from one siloed system to another can introduce errors that will cost you even more time to correct.

Solution: Automatically integrate your apps or systems

You don't have to adopt new payroll systems to connect the data silos in your payroll processing. Using APIs to connect the various software systems that power your payroll, you can automatically transfer information from one system to another. The data you need for accurate payroll syncs automatically, reducing the chance of human error. Better yet, payroll administration goes from being a headache to a seamless and straightforward function.

In some cases, a simple custom API is the best way to bridge the gap between two or more apps. But APIs alone aren't sufficient, which is why Digital on Demand also includes tools and simple process maps for data formatting, cleansing, and data integration to solve end-to-end problems.

You don't have to adopt new payroll systems to connect the data silos in your payroll processing.

Pain point 2: Keeping up with changing regulations

Payroll taxes and regulations change often. Worse, the rules may differ not only from one state to another but sometimes from one county to the next.

Keeping tax information current for payroll was a challenge before 2020, especially for large enterprises with offices in multiple jurisdictions. Since the pandemic sent a significant portion of the workforce to work from home, the complexity has multiplied. Now, rather than dealing with payroll regulations for a few office sites, payroll administrators need to stay current on taxation rules for dozens or hundreds of locations where staff work from home offices. Correcting withholding mistakes after the fact is a headache you don't need.

Payroll administrators need to stay current on taxation rules for dozens or hundreds of locations where staff work from home offices.

Solution: Set up governmental data feeds

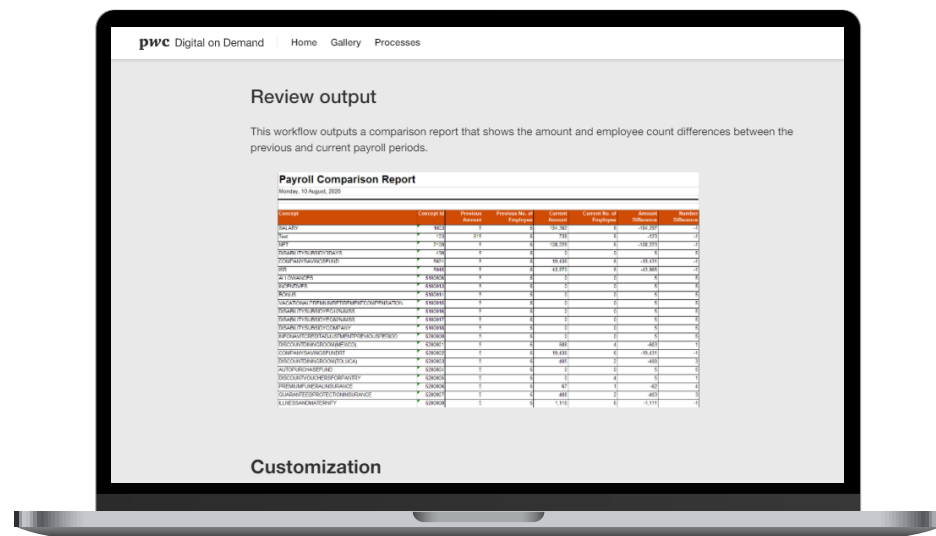
You can seek out the information you need to maintain current payroll taxation data, but you might miss critical updates. Automation can take data feeds from the relevant jurisdictions and place the information you need to keep your payroll taxes current at your fingertips. For example, Digital on Demand offers pre-built automations that find staff whose FICA status in your HRIS system doesn't match their status in your payroll system. With a detailed visualization, this asset helps you identify and fix incorrect withholdings before they become an issue.



Pain point 3: Under- and overpayments

Overpayments are problematic for obvious reasons, but underpayments can have serious ramifications. If an employee underpayment continues for an extended period, they might even take legal action against your organization. While under- and overpayments may be less common among salaried staff, with a rising number of contractors filling roles at many organizations, the potential for incorrect payroll is growing.

Ending data silos through automation can help with this issue going forward since you're less likely to experience the kinds of mistakes that can lead to inaccurate payments. At the same time, it's essential to monitor your payroll systems to catch under- and overpayments before they cause problems.



Solution: Use analytics to spot potential errors

Automation can leverage the power of your payroll data, using analytics and machine learning to analyze payment patterns and spot anomalies. For example, Digital on Demand includes a workflow that highlights discrepancies between two payroll period reports. You upload payroll reports in CSV format, and the tool provides a comparison that helps you find differences that could be over- or underpayments.

Automated reporting gives you a starting place to investigate potential problems and correct them quickly. You can now complete in hours an under- and overpayment analysis that might have taken days.

Automated reporting gives you a starting place to investigate potential problems and correct them quickly. You can now complete in hours an under- and overpayment analysis that might have taken days.

Imagine you have the ability to look at payroll data visualized to compare employee terminations, cancellations, and rescinds to your payroll processing data. Through Microsoft Power BI, you get an overview of each category to help confirm that final paychecks are accurate and terminated employees have been removed from the payroll. With a few clicks, you have a visualization that makes it easy to spot potential problems. You get to focus your attention on those instead of scrolling through endless rows of data, trying to pick out errors.

Pain point 4: Detecting fraud

No organization wants to believe its employees are committing payroll fraud, but it's important to stay vigilant to the possibility. It's better to uncover fraudulent payroll activity before the losses start to add up.

Payroll fraud comes in a variety of forms. Here are a few examples:

- **Expense fraud.** The employee files claims for reimbursements of expenses that are inflated or completely fake.
- **Duplicate paychecks.** Two paychecks are going to one employee. The duplication could be due to fraud or an accounting error. Either way, it's crucial to correct the problem sooner rather than later.
- **Ghost employees.** "Employees" who are on the payroll and receiving checks but who don't exist.
- **Payroll administration fraud.** A payroll administrator may be implicated in the types of fraud above, either by getting kickbacks from employees or funneling the money directly into their bank account.

Payroll fraud can be hard to detect, particularly for enterprises with thousands of employees on the payroll. Fortunately, automation points the way toward a solution.

Solution: Automate payroll auditing

When you automate payroll auditing, you can increase the frequency of audits to catch potentially fraudulent activity. AI technology can help you identify outliers and discrepancies in employee payroll. Pattern-finding AI tools can review payment history data to uncover red flags like sudden salary increases or multiple paychecks deposited into the same account.

Automation can't give you the final answers, but it can point you in the right direction.

Automation can't give you the final answers, but it can point you in the right direction. For example, Digital on Demand includes an Extract Information from Employments Agreements asset that uses AI to monitor compliance with terms of employment and severance documentation. With data at your fingertips, you can quickly investigate anomalies and determine if they are due to fraud, error, or another explanation for discrepancies.



Automation can solve small problems, too

These four payroll automation solutions assume enterprise-level challenges. However, automation can also tackle smaller payroll pain points. Small automations, meaning the fast implementation of flexible and adaptable technologies that fill the gaps left by your current enterprise systems, allow both small and large organizations to quickly and easily upgrade payroll processing.

Whether you have five employees on payroll or 5,000, you may encounter fraud, payroll errors, and data silos.

Whether you have five employees on payroll or 5,000, you may encounter fraud, payroll errors, and data silos. Small automation can integrate your payroll solutions, free up valuable staff time for other duties, and provide reports to help you find anomalies with the click of a button.

What are your payroll pain points?

At PwC, we understand your payroll pain points. We assist clients of all sizes and across various business sectors to identify and adopt payroll automation. But we started with ourselves first. We knew that automation would streamline our internal processes and allow us to serve our clients better. In the process, we developed hundreds automation assets to improve finance operations, like payroll and tax processing.

Now you can automate your payroll through **Digital on Demand**, PwC's marketplace of powerful digital assets. Choose the tools to help you turbocharge your payroll processes and customize the automations to meet your needs with software that easily scales as your employee roster expands.

Ready for a demo? Let us show you how Digital on Demand can solve your payroll pain points.

