

PAYTECH

Payroll Year-End—What to Measure Now, So You Can Learn Later



BY TERESA SMITH, SHRM-PMQ

As the final quarter of 2022 is closing, it means it's that time again where you're focused on one thing—finishing year-end payroll. If your first reaction is to shudder at the thought, then it may also be time to look at how your organization approaches the year-end process. Taking time to evaluate your experience with year-end as it's happening will be a critical part in continuing to improve your organization's payroll approach as you move into 2023.

To help you while you're in the thick of all these activities, let's address some key items to look for while you're going through the year-end process so you can determine which changes can be made to the process in the future, making for a more streamlined year-end payroll that sets the tone for continuous improvement each new year. Below are the questions you should be asking this year.

Are There Opportunities to Automate?

In a study done by the [HR Research Institute at HR.com](#), in collaboration with UKG, only 40% of respondents reported that their HR, payroll, talent, time, and scheduling processes are automated, either via a single system (14%) or multiple systems (26%). If you're finding yourself manually checking your information, running reports by hand, or having to calculate required formulas yourself, this may be an indication that it's time to re-evaluate your processes. Not only can these extra manual steps take the bulk of your time during year-end, but lead to costly errors. While evaluating your manual processes, keep track of the following to see whether there are opportunities to automate based on your organization's structure:

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- How much time are you spending on each step of the year-end process?
- How many tasks require you to manually enter information, or consult paper resources, to get to the right results?
- Are you currently using payroll technology tools to assist with your year-end processes, and are they helping or hindering your process?
- How easily can you access all the payroll information you need?
- How many work arounds are required to submit payroll on time?

How Easily Can You Access All the Payroll Information You Need?

As we all know, year-end isn't just payroll. This process requires you to reach out to departments like HR that may handle other aspects of the organization that need to be incorporated, all while trying to meet various deadlines. This coordination can add a lot of pressure and stress in the moment, but it doesn't have to be a scramble in the future. As you gather various pieces of information such as PTO, health coverage, employee information, deductions, and other key items, keep track of what's available at your fingertips and what items were a little harder to find and add to your year-end reports and filings.

In addition to tracking down the information, monitor how long it takes to incorporate it into your payroll records. Can you verify and validate information for each employee, or do you have to create spreadsheets? Having everything in one, easily accessible location not only saves you time, but eliminates errors that may need to be fixed later in the payroll process.

Are You Confident in the Compliance Status of Your Processes?

Staying compliant throughout your entire year-end process will be crucial to saving time and avoiding costly errors. According to a [2021 APA survey](#), nearly 30% of employees completed a new Form W-4, with 58% having made the change in order to adjust their withholdings.

Between internal and external changes happening simultaneously, it can be a lot to keep up with. While going through compliance-related steps, keep a close eye on the following:



- Are you easily able to access the forms you need? How much time is it taking to find them?
- Are you unsure of whether specific forms apply to your organization?
- How many errors, if any, are you encountering not only during year-end, but throughout the year that require reconciliations?
- How are you keeping track of these errors to ensure the correct reconciliations are being made?
- Do you have all the information about your organization in one place that can easily be imported into required forms?
- Do you have any supporting technology that can alert you when an error is made?

In addition to evaluating the compliance of your year-end process, this is also a good time to evaluate your reoccurring payroll process. By having seamless, automated payroll processes all year, you'll have less reconciliations to make during year-end. Many organizations have found that reducing the burden of regulatory compliance can be accomplished with the right payroll technology supporting your efforts and helping you track the ever-accelerating changes in this area.

How Can Employees Help Make Year-End Run Smoother?

Nearly 88% of respondents in the same APA survey reported that their employer provides an employee self-service portal where the organization's people can enter and update their payroll-related information. Furthermore, in a [study](#) completed by Deloitte, APA, and GPMI where payroll professionals were asked to consider the top areas of focus in payroll, self-service came in third at 63%. Allowing your employees to have access to their information and the power to update it themselves not only saves you time but will ensure its accuracy. As you're going through your year-end process, make note of areas where you can save time by having your employees input their information.

In addition to employee self-service, by using a tool that provides them with access to their personal and payroll information, employees will also be able to easily pull important forms such as their Forms W-2, which will save them time during tax season. In some cases, this technology will also allow the employee to directly upload their Forms W-2 into tax preparation software, such as TurboTax. Thinking strategically about not just how you get things submitted at year-end but how you deliver information to your people will help raise the profile of payroll at your organization and help you open the door to other critical improvements.

Are You Leveraging the Right Partnerships to Succeed?

Year-end payroll can be one of the most important times of the year, but it doesn't need to be the most stressful and certainly shouldn't be handled alone. Evaluating where optimizations can be made and utilizing new advancements in modern technology will provide you with the opportunity to streamline

the payroll process. Make sure you're building the right partnerships with other departments within your organization like HR and Operations, and outside your organization with your technology vendors to get the job done more efficiently so you can focus on high-impact improvements.

Automation, compliance, streamlined workflows, and employee self-service—as well as support throughout the process—are all accessible through payroll technology. Investing in payroll technology that provides a seamless process can lead to higher productivity, greater accuracy, and help you add greater value to the overall organization. If your current processes are no longer serving you and you would like to start exploring alternatives, [check out our webinar](#) about how payroll technology can transform your organization and help you make a case for change. ■



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