Business Improvement Guide

Payroll

Over 100 tactics

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attaché

Payroll Ready Reckoner

%	\$1,000,000	\$1,500,000	\$2,000,000	\$2,500,000	\$3,000,000	\$3,500,000	\$4,000,000	\$4,500,000	\$5,000,000	\$10,000,000
10	100,000	150,000	200,000	250,000	300,000	350,000	400,000	450,000	500,000	1,000,000
15	150,000	225,000	300,000	375,000	450,000	525,000	600,000	675,000	750,000	1,500,000
20	200,000	300,000	400,000	500,000	600,000	700,000	800,000	900,000	1,000,000	2,000,000
25	250,000	375,000	500,000	625,000	750,000	875,000	1,000,000	1,125,000	1,250,000	2,500,000
30	300,000	450,000	600,000	**750,000**	900,000	1,050,000	1,200,000	1,350,000	1,500,000	3,000,000
35	350,000	525,000	**700,000**	**875,000**	1,050,000	1,225,000	1,400,000	1,575,000	1,750,000	3,500,000
40	400,000	600,000	800,000	1,000,000	1,200,000	1,400,000	1,600,000	1,800,000	2,000,000	4,000,000
45	450,000	675,000	900,000	1,125,000	1,350,000	1,575,000	1,800,000	2,025,000	2,250,000	4,500,000
50	500,000	750,000	1,000,000	1,250,000	1,500,000	1,750,000	2,000,000	2,250,000	2,500,000	5,000,000
55	550,000	825,000	1,100,000	1,375,000	1,650,000	1,925,000	2,200,000	2,475,000	2,750,000	5,500,000
60	600,000	900,000	1,200,000	1,500,000	1,800,000	2,100,000	2,400,000	2,700,000	3,000,000	6,000,000
65	650,000	975,000	1,300,000	1,625,000	1,925,000	2,275,000	2,600,000	2,925,000	3,250,000	6,500,000
70	700,000	1,050,000	1,400,000	1,750,000	2,100,000	2,450,000	2,800,000	3,150,000	3,500,000	7,000,000
75	750,000	1,125,000	1,500,000	1,875,000	2,250,000	2,625,000	3,000,000	3,375,000	3,750,000	7,500,000
80	800,000	1,200,000	1,600,000	2,000,000	2,400,000	2,800,000	3,200,000	3,600,000	4,000,000	8,000,000
85	850,000	1,275,000	1,700,000	2,125,000	2,550,000	2,975,000	3,400,000	3,825,000	4,250,000	8,500,000

Annual Sales (\$ excl. GST)

Annual Payroll Cost as % of Sales

How to use

1. Select your Annual Sales column (e.g. $2,000,000)
2. Select your Annual Payroll Cost (e.g. $700,000)
3. Look left to see payroll as percentage of sales (e.g. 35%)
4. Select desired Annual Sales column (e.g. $2,500,000)
5. Look at payroll cost at current percentage (e.g. 35% = $875,000)
6. Look at payroll cost if percentage reduces (e.g. 30% = $750,000)

This example shows how if you reduce payroll from 35% to 30%, when sales grow to $2,500,000 you save $125,000 ($875,000 - $750,000).

Impact of reducing payroll as % of annual sales

The Payroll Ready Reckoner shows the impact of growing your sales without a proportional increase in your payroll costs.

It reflects things like potential economies of scale and improved productivity.

Business Improvement Guide – Payroll

New payroll reporting in AU and NZ is a mandatory software upgrade - a rare chance to also improve your sales, stock and debtors. Our guides provide the 'How' so you can quickly start to unearth what may help your business. Our payroll users fall into 3 groups:

- **10 to 200+ staff** e.g. wholesalers / distributors. Integrated payroll + accounts
- **200 to 1000+ staff** e.g. aged care, retail, clubs. Rostering + POS + accounts
- **Industry or ERP software users** after a quality payroll to go with it

> **This guide targets medium businesses** – typically $2m to $100m sales / 10 to 1000 staff. Our fastest growing but forgotten sector. Under 5% of firms yet 30% of revenue and jobs. Lumped in the SME label when more like large businesses but without their resources. Many use small business systems and it is holding them back. We have been improving medium businesses since 1981. We also help fund the M-Institute which has spent over $2m on research into this sector. It is a niche market our 200+ local consultants focus on.

Where do you fit? Tick what applies to you

Small business	Medium business
❑ Simple payroll	❑ More complex payroll
❑ Single location / cost centre	❑ Multiple locations / cost centres
❑ Low stock levels / limited lines	❑ High stock levels / many lines
❑ Small customer base	❑ Large diversified customer base
❑ Simple pricing and transactions	❑ Complex pricing & transactions
❑ Limited finance required	❑ Funding required for growth
❑ Owner drives the business	❑ Staff with key responsibilities
❑ Limited staff development	❑ Culture to develop staff
❑ Short term planning	❑ Longer term planning
❑ Low external input	❑ External input utilised

Benefits quoted for installing a medium payroll like Attaché

- New payroll reporting – staff can start on-boarding now
- Fast – groups, shifts, standard pays automated our payroll
- Less disruptions – great employee self-service capabilities
- Easy to use – workflow diagrams, integrated help, shortcuts
- Great features like real-time dashboards, multiple cost centres
- More secure – we wanted our payroll data to be kept in-house
- Long history of providing local payroll systems
- Multiple leave types, handling of Flexitime, RDOs
- Flexibility of allowances to pay outside salary and wages
- Flexibility of the pay rates / pay frequencies / salary packaging
- Casuals – easy to set up in a group with pre-set rates, allowances
- New staff can enter details before start and receive documentation
- Skilled local payroll consultant vs. DIY and call centres

Allow 20 minutes to digest this guide – any questions please contact us.
We are the top medium payroll provider across AU / NZ – 100% locally owned.
Mike Rich, Co-founder Attaché / NFP M-Institute / Guide Co-author / B.Com, FCPA, CA

> You can view our **payroll demo video, employer checklists and other material** at:
> www.attachesoftware.com/stp (AU) www.attachesoftware.com/payday-filing (NZ)

12 strategies to improve your payroll

1. Educating staff

The better educated your staff the more value you'll get from your payroll systems.

1   Your **staff induction process** should explain your payroll functions with samples to support your discussion.

2   When things like **tax rates change** hold a staff meeting e.g. explain how they will appear on their pay advices.

3   Explain the benefits of **employee portals** e.g. the ability to access the past 42 months pay advices, leave management.

4   Use the **Payroll Ready Reckoner** to show improved productivity is the key to increased pay and bonuses, not cost of living adjustments.

First 5 strategies are the same in each guide to facilitate discussion between your managers.

2. Payroll dashboards

Medium payroll systems offer embedded dashboards – Attaché has over 100. If you still use spreadsheets, be aware 90% contain material errors.

1   Dashboards provide **visual management** of your biggest expense and asset. You can see things at a glance without having to run reports.

2   For security, **access rights** govern what is displayed and to whom.

3   You can **drill down** into an employee's file without having to navigate menus.

4   Each dashboard can have **up to 5 on-screen reports** (called gadgets) so there's far more detail at your finger-tips, if and when needed.

5   Attaché provides **5 standard dashboards**, with the ability to add your own.

- **Payroll home**: To-Do List, negative leave, anniversaries.
- **Employee details**: personal information, full pay and contact history.
- **Leave analysis**: including entitlements, leave taken and upcoming.
- **Exception reports**: pay totals, details and alerts before pay processing.
- **My Payroll**: a library of gadgets in your own dashboard.

6   You have **fast search** e.g. on part of a name, code or phone number.

7   **To-Do Lists** e.g. **calendar reminders** for regular events and follow-ups.

8   You can **view gadgets** as lists, calendars and graphs plus add totals and search boxes to suit your needs.

9   Can select **filters** like all employees with 20+ days leave owing.

10   Details can be **emailed** to others saving paper and time.

11   You can **monitor staff** e.g. workers compensation claims, warnings.

12   Can create **contact types** for quick referencing and reporting.

13   You can **create tasks**, highlight what's outstanding, attaching files.

14   You can **track employee contacts** e.g. pay reviews, increases.

3. Customer and supplier relationship management

Medium systems (like Attaché) offer an integrated solution which enables your CRM and supplier systems to be part of your employee internal controls.

1   Mandatory recording in the **CRM system** of any situation required under your employment or customer agreements e.g. family or friends of staff who are customers; past unethical behavior like unauthorised staff gifts; authorisation of pricing agreements and credit notes.

2   Mandatory recording in the **supplier system** of any situation required under your employment or supplier agreements – similar to the above.

3   Record **multiple contact details** for both (e.g. sales, purchasing, senior management) so you can escalate any concerning employee-related matter and make a note of the conversation.

4   You can use templates to create **emails** to send to customers, such as explaining your employee code of conduct or announcing new staff.

4. Pay advices – delivery and storage (MyPay)

Paper pay advices cost $5 each to create and deliver. Email open rates are under 20% as volume and fraud skyrocket – and few employees file them. The wasted time to discuss, find and resend a pay advice is over $200.

1   **Employee self-service portals** are now the most efficient way to deliver and store pay advices e.g. Attaché MyPay.

2   MyPay holds your employee pay advices in a password protected, spam and phishing free single server **'tamper-proof'** environment.

3   It provides 24/7 access to up to **42 months** of past pay advices. No need to ask for past copies. Can also print and save them elsewhere, if want.

4   Delivery to the portal is **automated** – just like sending to a printer. No need to create PDFs and your PC is not held up while being sent.

5   Each pay advice is **tracked** to record when delivered and opened so you have proof of delivery. No more excuses like "I didn't get it."

6   A plain English **exception report** lists any pay advices that weren't delivered or not opened i.e. no complicated ISP error messages.

7   MyPay follows **'best practise'** e.g. staff should receive:

- Pay advice within 1 working day of being paid even if on leave
- Electronic pay advices must go to a secure and confidential address
- All staff should be able to access and print their pay advice in private

8   MyPay can also handle pay advice **inclusions** e.g. staff newsletter.

9   MyPay is one of our **new online services.** (See Strategy 8 – Employee self-service). They can save you a massive amount of time and effort. It also shows new staff you are moving with the times.

5. Reducing the reliance on paper

Attaché's move to the paperless office saw it receive the Best Green Business Award. Paper-based payroll systems are also inefficient and not secure.

1 **Electronic filing** enables payroll enquiries to be handled instantly. Far more efficient than any paper-based systems.

2 Less filing cabinets **means more space** for your staff.

3 Can **scan documents** like employment agreements, medical certificates.

4 **ExpressLink** lets you electronically file and send reports.

5 **Access rights** makes them more secure, not left on desks, misfiled, etc.

6 **Remote access** allows processing the payroll from home if necessary.

7 **Electronic records** are accepted by the authories provided the systems are secure with controls over backups. Most must be kept for 5 years (Aust) or 7 years (NZ) and be able to be retrieved by tax officers at any time.

6. Improving payroll processing

Medium payroll systems (like Attaché) can save several days a month. Time you can spend far more productively elsewhere in the business e.g. HR activities.

1 Installed by a local payroll consultant, it can be taylored to your needs e.g.

- **Menu access rights**: who can access what functions.
- **Shortcuts**: jump to regularly-used functions e.g. online services (ESS).
- **Multi-tasking** e.g. while in payroll, can handle a customer enquiry.
- **Customisation**: font sizes, reports, pay advice tailored your needs.
- **Multiple pay periods**: week, fortnight, bi-month, month.

2 **Employee groups** with similar roles can be set up e.g.

- One hourly rate change updates everyone in the group.
- Multiple groups could be a standard rate plus 5%, plus 10%.

3 Can create **shifts** to ensure the correct pay rates and allowances are automatically handled each pay run e.g. meals.

4 **Leave entitlements can be checked** during timesheet entry.

5 Record and report start and finish **leave taken dates**.

6 **Standard pays** to reduce data-entry time and errors for employees whose pay details don't change from pay period to pay period.

7 **Auto pays**: you only need to key in an employee's changes from their standard pay e.g. overtime, sick leave.

8 **Automatically decrease** normal (ordinary) hours worked when entering leave hours for employees.

9 Enter one-off pay rate changes and **bonuses** during time sheet entry.

10 Add **comments** to pay transactions that will print on the pay advice.

11 Fast reconciliations: display **total hours worked, total hours paid**.

12 Enter hours as a **decimal or minutes** of an hour.

13 Open the **calendar** on any date field to select the correct dates.

14 Open the **calculator** on any amount field to do quick calculations.

15 Enter **start / stop times** for the hours worked by an employee.

16 Enter **first / last dates** for leave taken by an employee.

17 Maintain **flexi-time** and / or **rostered days off** accruals.

18 Display **warnings** e.g. exceed leave, base hours not reached or exceeded.

19 Enter **adjustment pays** e.g. updating opening balances for employees when first implementing the payroll, pay reversals.

20 **Standard messages** enable you to add comments to employee pays.

21 Easy data **archiving** ensures an up-to-date copy of the payroll is secure before any major processing or changes are made.

22 Add **employee notes** e.g. personal or medical details.

23 Add new employees and **amend masterfile details** during a pay run.

24 **URL links** enable documents to be stored for immediate access e.g. employment agreements, licenses, leave applications, medical certificates.

25 **Check and uncheck** to enter changes before updating the files.

26 **Leave liability reporting** as per the country the payroll is used in.

27 **Cash out annual leave** – now permitted in AU and NZ.

28 Attach a **bank account to a deduction** e.g. salary sacrifice.

29 **General ledger postings reports** list all the pay runs financial transactions. This can be automatically interfaced or the report can provide the basis of a journal to be entered or exported via .csv files.

30 **Secure data processing** e.g. the Attaché online services and employee data files are highly secure. We operate a 'hybrid system' where data is stored on one network, in a single server 'tamper-proof' envirnment; employee masterfile details are all stored on-premise with local backup.

31 The Attaché **database** is fast, secure and embedded into our software so you don't have to purchase any extra licences or deal with another support group. It's used by a number of major international financial organisations where security, speed and reliability are paramount.

7. Unlimited capacity

Medium systems (like Attaché) offer virtually unlimited capacity and it doesn't negatively impact performance.

1 **One licence fee** covers unlimited employees, companies, countries and data (excluding payroll bureau).

- Can have multiple named users with varying access rights.
- Includes one concurrent user – extra ones pay a reduced fee.

2 **Multiple leave calculation methods** e.g. hours worked, date, pay.

3 **Multiple companies**: different colours can identify which one you are.

4 Unlimited **income types** e.g. ordinary hours, overtime, sick leave, etc.

5 Unlimited **allowances and deductions** with multiple calculation methods e.g. % of pay, fixed or variable values, quantity by value.

6 The **flexibility of our allowances** enables the payment of staff by a raft of ways other than just salary and wages.

7 Unlimited number of **employee superannuation contributions**.

8 **18 user-definable fields** to record things like driver's license details, certifications with expiry/renew dates.

9 Unlimited **leave tables** for annual, sick, personal, long service, other leave.

10 Employees can have **multiple bank accounts**.

11 **Open bank accounts** enable use by any employee e.g. social club.

12 Can automate **payment schedules** by start and stop dates, total amount, instalments, frequency to control deductions and allowances e.g.

- Higher duties allowance can be paid for a period of time.
- Garnishee or loan repayments to a nominated bank account.

13 Unlimited **cost centres** to split employee's wages over multiple divisions.

14 **Cost centre analysis** can include leave and employer super contributions.

15 **Multiple pay locations** and pay points to group employees for reporting.

16 **Multiple employment status** for wage analysis e.g. full time, part time, casual, contract.

8. Employee self-service (ESS)

ESS is a huge payroll improvement tactic that Attaché offers. It saves a huge amount of time and is more convenient for everyone. It also shows your existing and potential staff that you are moving with the times.

1   All these online services can be **accessed 24/7** via your desktop or mobile.

2   **MyPay** is a secure confidential document portal that stores up to 42 months of past pay advices e.g. if needed for a loan application. MyPay alone justifies ESS many times over (see Strategy 4 for more detail) e.g.

   - Paper pay advices cost $5 each to create and deliver.
   - Email open rates are under 20% and few employees file them.
   - The wasted time to discuss, find and resend a pay advice is over $200.

3   **Express Leave** gives staff, management and your payroll officer a far easier and more socially acceptable way to manage your leave obligations:

   - Staff can view their entitlements, history, request leave and receive approved or declined notification – entirely electronically.
   - Once approved it goes to your payroll for processing.

4   **Employee Portal** – staff can maintain their own personal details e.g. change of address. It also includes:

   - **Organisation chart** – with photos and reporting lines.
   - **Employee directory** – all contact details stored in one place.
   - **Employee on-boarding** – new staff can enter their details before they start e.g. tax, super, bank details. Creates a great impression. Even better if you employ casuals from time to time.

5   **Timesheets** – allows staff and contractors to enter hours worked from anywhere, anytime, 24/7 from any mobile device or desktop.

   - Multiple weeks or non-standard hours can be entered e.g. overtime.
   - Express Leave entered is pre-populated into timesheets.
   - Notes can also be added with any supporting documentation.
   - Email confirmation of timesheet approval and payroll processing.

6   **ClickSuper** is included for AU staff. It's SuperStream compliant and enables contribution payments to the various superannuation funds.

7   **Single Touch Payroll** (AU) / **Payday filing** (NZ) – the secure connectors to the ATO / IR after every pay run are also part of our online services.

8   For fast access, the Attaché Online Services can be **directly launched** from the workflow screen.

Directors and management have payroll and human resource responsibilities including being aware of the laws, fines and best practices. They need to ensure their organisation has appropriate systems in place to meet these obligations, plus prevent reputational damage to the business in event of a breach.

5 of the 10 Australian National Employment Standards outlined in the Fair Work Act relate to leave entitlements, hence the importance of **Express Leave** above.

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9. Country specific requirements

We have supported these countries for over 20 years. It's also possible for one set of our software to handle say **NZ, AU and multiple South Pacific countries**.

New Zealand:

1 10 bank files (e.g. ANZ, BNZ, HSBC) for **direct bank entry** (EFT).

2 **Employer monthly schedule (EMS)** and file include the new IR fields to be replaced with payday filing when appropriate.

3 To comply with IR amendments, changes to the **ACC earners levy thresholds** automatically update when the tax scales are loaded.

4 Sick leave entitlements accrue on the anniversary after the **minimum service period** has been reached.

5 A **relevant daily rate** calculation report can be printed or saved electronically for all pay frequencies.

6 All **NZ IR Schedules** can be printed for easy reconciliation and filing.

7 The **extra pay rate** can be set to **low, medium or high** rate based on the IR guidelines for an employee's earnings.

8 Use **NZ holiday rate** to comply with **Holidays Act** when paying leave.

9 Super deductions can be set up for **KiwiSaver** or any complying fund.

10 **KiwiSaver report** – existing and new staff opting in or out of KiwiSaver and their requested bank accounts can be submitted to the IRD.

11 Liaison with IR through their **Software Developers Liaison Unit**.

12 Ability to comply with the IR's **payday filing requirements**.

13 Ability to comply with the new awards and conditions being mooted.

Australia:

1 Handles **Fair Work** pay advice requirements and guidelines e.g.

   - Employer's name and ABN.
   - Employee's name, annual pay, job title and pay classification.
   - Payment date, period (start and end dates), gross and net amount.
   - Any loadings, allowances, bonuses, incentives, penalty rates or other separately identifiable entitlements paid can be displayed.

2 **Fair Work Information Statement** can be received via employee portal.

3 **FBT Benefits reporting** (exempt and non-exempt).

4 Taxable Payments Annual Report **(TPAR)** in Attaché Suppliers module.

5 Handle **3 week pay cycle** e.g. FIFO for mining industry.

6 **V12 payment summaries** – valid until 30/6/2019 if under 20 employees.

7 **Electronically lodge** TFN declarations with the ATO Business Portal.

8 **PAYG**, working holiday makers tax, **HELP** (Higher Education Loan Program) and **SFSS** (Student Financial Supplement Scheme).

9 **Ordinary time earnings** for Super Guarantee calculations includes normal (ordinary) income types and allowances.

10 **Super Alternative File Format** and ClickSuper – in online service fee.

11 **Salary sacrifice, salary packaging and voluntary tax** can be handled.

12 Minimum **superannuation thresholds** for casuals under 18.

13 **Type of allowance** can be displayed as required by the ATO for STP.

14 **Single Touch Payroll** connector – via Attaché not a 3rd party provider.

PNG / South Pacific Islands:

1 Can produce the PNG IRC Statement of Earnings Report.

2 Can create bank files that load into Kundupei, ANZ, Westpac DiskPay.

3 Can create the import file for electronic lodgement to Nambawan Super.

4 Can create the NASFund import file to the National Superannuation Fund.

5 Produces electronic files for Fiji National Provident fund (FNPF).

6 Can control exactly what payroll information each user has access to.

7 Allows you to track any changes made and who made them.

8 Can transfer your payroll transactions directly into your accounts with the correct GL codes so that no manual data input is needed.

9 Payroll processing for Solomon Islands, Samoa, Tonga, Kiribati, Cook Islands and others also available.

10. Payroll audit features

6% of sales is estimated to be lost to fraud – payroll theft is a big chunk of this.

1 If your payroll lets you **delete data** to address speed or other issues, you destroy your auditor's ability to easily search past payroll records.

2 Setting a **maximum pay per employee** for each pay frequency will alert you if there is an unexpected increase in gross pay.

3 Check the **payroll payments report** against the net wages on the payroll totals report and against the payments drawn from the bank account.

4 **Integrate the payroll to the general ledger** after each pay run to easily check for budget variances in the wages accounts.

5 **Tracks all changes** to employee masterfiles and payroll transactions.

6 **Use auto tax** calculations during timesheet entry to ensure the correct amount of tax is withheld for each employee.

7 Turn on **confirm new masterfiles** to prevent operators from accidentally or otherwise adding unwanted or invalid masterfiles.

8 Display **leave warning messages** if goes into negative before it is paid.

9 **Review the superannuation report** to ensure the correct amount of super guarantee is contributed to the corresponding employee.

10 **Payment summaries and magnetic media** (valid until 30/6/19) system created with **password levels** to ensure can't be modified by others.

11. Rostering, time and attendance, HR etc.

We also integrate with 'best-of-breed' workforce management systems.

1   **Rostering** savings can be huge e.g. Hospitality: 900 staff – 10% payroll savings; Aged care – $600,000 payroll savings (no job losses).

2   Automated **time clocks**, **bio-recognition** etc. are also popular addons.

3   Our **dashboards** can also provide HR and OH&S features e.g. record, categorise and report on incidents / training information / licences.

12. Medium businesses – vital differences

Medium systems target medium businesses but there are vital differences.

1   Medium businesses like Attaché are typically profitable, family run and have been trading for over 10 years. We are **'unsung heros'** i.e. less than 5% of businesses yet we produce 30% of all revenue and jobs.

2   Like large businesses, we don't want multiple unrelated software vendors. We want fast, integrated, feature rich systems that will last over 10 years. With **'one-throat-to-choke'** local support and service level agreements.

3   We are **'risk adverse'** because we have a lot more at stake e.g. while a small business may put everything in the cloud, **over 70%** of medium and large businesses have or are moving to **hybrid systems** (like Attaché).

4   **Hybrid systems** leverage on-premise (or hosted) software with the cloud to increase success and decrease risk. Our systems are not at the mercy of the Internet's speed or availability and our payroll data is not spattered across multiple vendors servers on the Internet.

5   We are no stranger to the cloud. We are a **pioneer** of Software-as-a-Service (SaaS) launching our first document management system back in 2000. Today we now service over 1 million entities (see Strategy 4).

6   In addition, our **payroll cloud services** are well ahead of the pack in features, employee data is kept inhouse and we can process 24/7 at high speed.

7   Our systems are underpinned by an industrial database with up to **300% performance** gains. Plus two layers of **backup protection** including data, user profiles, screen and document layouts.

8   Improving medium businesses since 1981, Attaché has received over 20 **awards for excellence**. Mike Rich, co-author of this guide, was a recent best business leader award receipent for his services to medium businesses.

9   Smaller **accounting firms** typically promote small business systems which align with their practice software. Bigger firms are agnostic – they work with what the client has or best suits and don't actively direct clients.

Next step

Talk to your Attaché consultant or call us on the number shown on the front page.