Alliance Partners Training

Part 5

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How Does HR Ledger Payroll Help Your Client?

First Payroll is done on time. The biggest complaint employees have is that their paychecks do not always arrive on time. It doesn't matter how often an employer tells employees that the business is doing well, miss one payroll and worker moral is shot. Productivity goes down, employees that deal with customers are no longer confident about their company and sales/service starts to slip, higher quality workers will look for other employment leaving only the employees that can't get a job elsewhere and taking trade secrets with them. In fact the surest way to destroy a company is to fail to miss payroll dates, pay incorrectly, or have payroll checks bounce – nothing will gut a company faster.

Payroll preformed correctly has many advantages. First it will free up time for the employer, allowing for more productive actives that will benefit the company overall. It will reduce stress allowing the business owner to recover some of the entrepreneurial drive that made the company successful and fun. It will allow the accounts receivable/payable clerk who is normally tasked with payroll more time to do their jobs and help the company be more productive and profitable. It will improve or maintain employee moral to see that the company is using a professional payroll company and therefore values their employees. Using HR Ledger allows an employer multiple ways to pay employees including Check, DD, pay Card or a combination.

Another feature that benefits many employers is Auto Pay. When an employer has all or just some of the employees on salary that rarely changes then HR Ledger can automatically pay those employees every payday with no input from the employer. Auto Pay normally is in place for one year or until the employer notifies us to make a change.

How a company reports hours to a payroll vendor can be very important to many an employer. Some want to be able to input date from any computer and at any time of the day or night. They also want to be able to modify employee information and pull reports whenever they want. For these clients we supply Platinum Pay or Platinum Pay Express at no charge depending on the number of employees and the needs of the employer. We can of course we also supply a spreadsheet to be completed once a pay period, and some employers still like to call in their hours. We have an old fashion belief that if the client is paying for it, he can have whatever he wants.

Time and Attendance recording and reporting differs from company to company. Some have all salaried employees and can use the Auto Payroll mentioned above while others need extensive and sophisticated electronic time clocks with bio-metric recording capabilities even in very oily or dirty environments. Whatever the employer needs in any combination we can supply, install and train. Some systems now days are utilizing the Employee Self-Serve systems that have become so popular over the last decade to record Time and Attendance. In addition to their standard functions of

delivering paystubs employers can upload employee manuals, company forms and preform scheduling. If an employer already has a point of sale system that allows employees to "clock" in and out we can upload that data as well.

Payroll fraud and embezzlement continue to be major problems for employers. According to the Association of Certified Fraud Examiners, payroll fraud occurs nearly twice as often in small organizations with less than 100 employees than in large companies and the average instance of payroll fraud lasts about 36 months.

Common payroll fraud schemes include:

Payroll fraud affects about 30 percent of business annually, these businesses lose millions of dollars annually not including the cost of investigating, documenting, and prosecuting fraud.

- There are several types of payroll fraud: **Timesheet fraud, ghost employees, and worker misclassification and Commission fraud.**

Timesheet fraud, paying employees incorrectly or overpaying employees based on falsified timesheets.

There are a few ways this can happen. An employee forgetting to clock in and having to manually enter their hours allowing them to add extra hours that they did not work or changing their pay rate. Timesheet fraud can be caught by regular audits, reviewing employee schedules, and strict employee policies regarding timesheet submissions and changes.

Buddy Punching

One employee punching in for a friend who is running late or punching out late for a buddy that left work early is very common. An electronic clock that uses a swipe card or a key fob can go a long way to preventing this problem and Timesheet fraud mentioned above. For sever problems a Bio-Metric reader can be installed.

Ghost employees

Fake employees created by a payroll clerk, or an employee who no longer works for the company but was never taken off the payroll. The payroll clerk creates a 'new' employee with a same first and last name, but a similar or shortened middle name and diverts money to themselves by using the new employee or the existing employee who no longer works for the company. Another method is when the payroll clerk continues to draw checks for terminated employees and shares in their "pay" once they cash their checks.

Worker misclassification

Payroll fraud perpetrated by the company itself by a misunderstanding of the IRS rules or intentionally. The IRS requires employers to classify their employees by independent workers (1099 Employees) or W-2 employees depending on the type and manor of work performed. The company chooses to classify workers by 1099 employees to avoid paying payroll taxes, benefits or insurance premiums which is illegal. The highest fine given can be as much as $25,000 per instance plus the paying back the payroll taxes and penalties.

Commission fraud

When the amount of sales made or the rate of commission for a commissioned employee is fraudulently inflated.

Even if employees are ordered to pay back restitution, the losses can be horrendous for the company. Regular audits and comparing your payroll registers to checks that have been cut or deposited to locate duplicate names, social

security numbers, and addresses or employees who no longer work for the company can help save your business from fraud. These three types of fraud can be costly to your business, regular audits will help eliminate those unwanted costs.

HR Ledger has been providing business owners with a unique report that is only sent to the owner. We have nicked named it the Boss Report, it is a one page easy to read report that is very helpful in uncovering fraud.

Human Resource management is a consideration for all employers large and small. While larger employers normally employ an HR specialist either in house or outsourced, the smaller employer may find that solution too costly. This is where our HR Ledger HR Portal can be a real value. Kept up to date constantly by HR professionals and available 24/7 the Portal enables the employer to download all required forms, a templet for an Employee Manual and submit questions that will be answered within 24 hours. The Portal is supplied to all HR Ledger clients for free, but if a more interactive, telephone connected and robust solution is called for we can for a very marginal fee provide HR On demand.

Certified Payroll is a specialty niche of HR Ledger. We are one of the very few payroll providers in the country able to accommodate the full range of requirements this type of payroll demands. We are also able to not only provide the data required for the mandatory reporting but we can actually print the reports.

Our dedication has always and will always be to small and mid-size businesses and the Insurance, CPAs, accountants, and other professionals that serve them. We firmly believe that it is the Small Business owner who is the backbone of our country.