

New Zealand payroll legislation is complex, there is no doubt about that. We rank somewhere in the top 5 or 10 most complex Holidays legislation in the world. That does not mean it is unworkable or unsolvable. With the right solution, understanding and process, you can be compliant.

Having worked with many of our clients on payroll [audits](#) and [remediation](#) projects, one of the most important aspects of these is that we focus on how the client can remain compliant after the remediation, avoid penalties and future remediation projects.

One of the key questions asked during these projects is whether the current system is able to be compliant or if the company should look at changing systems. Most systems can be compliant, it just depends on the amount of manual work needed, and with manual work comes time and potential for error.

Making a decision to look

Because we want to avoid manual intervention, errors and non compliance, the answer to the above question often will be that it pays to see what is out there. Companies will be surprised at the number of really solid payroll systems out there, that they have never heard of before and that are way more modern and user friendly than some of the legacy systems.

So, what questions should you ask and what should you be looking for?



1. The non-negotiables

There are some elements of a payroll system that are just not negotiable and those are “Compliance with all NZ Payroll-related legislation”.

I would urge you not only to ask this as a question and get a simple yes / no answer. To be sure, you should draw up a list of scenarios specific to your business, and ask the vendor to demonstrate exactly how the

solution will solve these problems. Make sure the demonstration and calculations are completely open and transparent and ask lot of questions.

- Annual Leave in Weeks
- FBAPS Leave in Days
- Calculation of the various rates defined in the holidays act and comparisons where required
- Tax, ACC, Kiwisaver
- Protection of net pay and ranking of deductions
- Many more (there are 20+ pieces of legislation that impact payroll)



2. Usability

We are now at an age of technology where it really should not be hard to use software anymore. With somewhere between 3 and 4 billion of the world population using smart phones and that being predicted to exceed 5 billion by 2025, employees, managers and even administrators expect to be able to interact with the payroll process using a wide range of modern platforms and devices.

Some areas to look out for:

- Simple, clean interface without the need to access numerous screens to achieve a simple action
- Immediate feedback e.g. warnings, errors if something is not right
- Preferably has built in hints and tool tips that are meaningful
- Online help and guidelines that are context-based
- Single database, single point of entry across all modules
- Responsive – there is nothing worse than watching wheels turning as you wait
- Decentralised user access, giving employees and managers the power to access and carry out actions with their data on all modern platforms and operating systems
- Processing by exception, using business rules to drive automation
- Also give focus on what is important for you and your business in particular



3. Technology and Vendor investment & stability

Changing payroll systems is no easy feat and it's not something you want to carry out more times that necessary. For that reason you want to make sure that you partner with a software vendor that is going places and has a demonstrable investment in R&D, technology and client feedback.

Here are some important areas:

- Software is built on a modern development and technology stack that is able to grow with you as your business grows
- Ask for a development roadmap, not only future but ask to see what has been planned and executed in the past 2 years
- Ask for at least 2 reference sites that have recently been implemented and are ideally in your industry or similar
- How much funding does the company invest annually in Research and Development as a percentage of their gross revenue?
- What is the company doing to stay abreast of both legislative and technological advances and do they have a proven track record of staying ahead of the game?
- What level of support do they provide and ask to talk to real clients about their experience. This is one of the most important areas because often the sales and implementation process is amazing but once you go live the support is non existent
- If it is a cloud offering, ask for penetration test certificates, security and privacy certificates and also standard software response times across various actions.



4. Reporting

No matter what the solution or situation, payroll data is yours and you should be able to easily access it. Too often, it is way too hard to access payroll data in an easy to use format.

Vendors should recognise that reporting requirements differ vastly from company to company and should provide for this. Yes, there will be a suite of compliance reports that do what they do and can be hard coded but payroll data is much more than that and can be a rich source of key decision-making information.

Look for:

- Easy report writing capability (without a software engineering degree)
- Exports to all common formats e.g., PDF, Excel, CSV
- Ability to automate and split reports e.g., sending to department heads or cost centre managers
- Should be able to become a data source to modern reporting tools such as Crystal Reporting, SQL Reporting and the like
- User-modifiable parameters, grouping and filters
- Automated exporting to or importing from other sources



5. Total cost of ownership

Beware of hidden costs or vastly under-estimated implementation fees! When comparing vendors, make absolutely sure you compare apples and apples and don't just go for the cheapest option. Trust us, we often come across very affordable software that ends up costing companies 1000s or even 100,000s in \$\$\$ due to errors and manual work.

Make sure to check:

- How is licensing charged? Per month, per pay, per employee, per module etc
- How are casuals, contractors or non-employees charged for?
- Is it all-inclusive or do you have to pay for every little addition?
- What are they actually providing you with as part of their ongoing support, license and maintenance fees?
- What are the deliverables of the implementation project and do they stack up with others, especially your expectations?
- How much can you do yourselves as users versus what the vendor has to do via consulting services?
- How much can you expect to spend per annum on consulting services?
- N.B. Make sure you budget for ongoing software maintenance and consulting as it will cost you a whole lot more if you simply set and forget your software

In Summary

Payroll and HRIS software is a hugely important and integral part of every business. If your employees do not get paid accurately and on time, your employee engagement, productivity and reputation will decline swiftly.

For this reason, it is important to invest the right amount of time, energy and money in getting it right first time and hopefully for a long time to come.

At Integrity1 we offer full end to end **implementation** services, from requirements gathering, RFP and vendor selection, to a full suite of implementation services including but not limited to project management, scoping,

testing, training, parallel runs, live and post live support.