

Payroll – to outsource or not?

In today's business world with the growing scarcity of skills coupled with the increased legal requirements of business, outsourcing key functions has become the accepted way to acquire the necessary business skills.

An area which is a potential minefield is the payroll function. There are a myriad of legal and procedural requirements making the payroll function a complicated process, consequently outsourcing your payroll to a skilled professional is a viable option.

Why outsource your payroll?

Cost

Time is money, payroll is a time consuming non-core business function

- Software cost.
- Training of staff
- Printing of payslips
- Completion of all returns
- Completion of statutory documentation.
- Staffing - Would you need to employ a person in order to manage your payroll?
- What happens if that person goes on leave or is ill?

With outsourcing the above problems become that of the service provider.

Responsibility

Accuracy is important and errors can cause SARS to come knocking at your door – not a pleasant experience. Errors affect the employee as you are dealing with their income; we all know the problems caused by disgruntled employees – strikes, inefficiency equal extra costs.

Compliance with regulations

Competent payroll providers keep up to date with current legislation which ensures that your company is compliant.

Confidentiality

Payroll information is highly confidential consequently if you do your own payroll you would require the necessary systems and procedures which ensure complete confidentiality, with outsourcing this becomes the responsibility of the service provider.

Business Focus

The reason for being in business is to make a profit why divert your attention from your core business by doing your payroll in house? Spend the time developing and exploring business opportunities.

Key points when outsourcing

If you decide to outsource, here are some key points to consider.

Service Provider Reputation

- Choose a reputable service provider who caters for your size business – it's no use if you are a small business and approach a service provider who is in the large corporates. You don't want to be a small fish in a big pond.
- Talk to your business network and find out who they use.

Quotations

Whilst cost is a major factor, we all have a budget, remember it's not the only factor – "you get what you pay for" you can't get a Rolls Royce service for a Toyota price.

- Schedule your requirements before getting quotations know what your needs are.
- Meet with the potential service providers and discuss your requirements so that when comparing service providers all quotes are on the same basis. "Compare apples with apples".
- Get a copy of the service providers'
 - Terms and conditions of service.
 - Confidentiality agreements
 - In-house skills.
 - Client references.
- Clarify
 - The legal responsibilities
 - Operational responsibilities of each party.
- Cost
 - What services are included/excluded?
 - Under what circumstances are additional charges levied?
 - How often are fees reviewed?
- Backup
 - Has the company a reputable information backup system in place?
 - What is their disaster recovery plan? Can they provide continued service in the event of a disaster to their system?
- Contract
 - Must be in writing.
 - If uncertain of conditions check with your legal advisor.
 - What is the notice period?
 - Is there a minimum contract period?

Right Fit

In life you become who you associate with, consequently it is vital that if you have the object of growing your business over the long term your service provider should have a similar mentality in order to ensure that your growth rate is not stunted because they are not keeping up to date with the latest trends, which are a prerequisite to the growth of your business. Do your homework when looking for a service provider you are investing in the future of your business, he is part of your business team.

TFA Global offers a comprehensive payroll service to suit the needs of business.

- We use software approved by the South African Revenue Service (SARS) managed by skilled, trained staff .
- We ensure that both our software and staff are up to date relative to the latest statutory requirements of payroll systems.
- We foster close working relationships with our clients to ensure that we are aware of their changing needs.
- We update our knowledge regularly so that we are at the cutting edge at all times.
- We use reliable offsite backup systems to ensure that your vital payroll information is safe and secure and any disaster will not halt your business operations.
- We take a proactive business approach and will inform you of changes that enhance your business operations.

Why not contact us on 021-9481584 or send us an email info@tfaglobal.co.za for a free consultation to help you improve your business.

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