

# Changing Payroll Technology Guidelines™



# INTRODUCTION

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# CHANGING PAYROLL TECHNOLOGY GUIDELINES

In today's rapidly evolving business landscape, guidelines for changing payroll technology are crucial for organizations seeking efficiency, compliance, and employee satisfaction. Transitioning to a new payroll system can be a strategic move that addresses various operational challenges and leverages new technological advancements.

This document guides you through the various steps and identifies the need for change, the benefits of a modern payroll system, and steps for a successful transition.

## The Need for Change

Businesses often outgrow their current payroll solutions due to increased workforce size, evolving compliance requirements, or the need for enhanced user experience. Common indicators that it might be time to switch include persistent compliance issues, outdated technology, high costs, and limited integration capabilities with other HR systems.

## Benefits of Modern Payroll Systems

Modern payroll technologies offer numerous benefits, such as automation of compliance tasks, improved accuracy in payroll processing, and enhanced manager and employee self-service features. These systems reduce human errors, streamline tax filings, and empower employees to manage their payroll information, significantly improving overall efficiency and employee satisfaction.

## Steps for a Successful Transition

The transition involves assessment and planning, selecting a new provider, contract review, implementation and training, and a go-live review to ensure smooth operation.

1. **Assessment and Planning:** Begin by assessing your current payroll system's shortcomings and identify features needed in a new system. Engage stakeholders to build a business case for the transition and gain necessary approvals.
2. **Selection of New Provider:** Research potential payroll providers, focusing on their ability to meet your specific needs, including compliance with provincial and federal regulations. Consider scheduling demos to evaluate the user interface and functionality.
3. **Contract Review and Termination:** Carefully review your current provider's contract for termination clauses and ensure you comply with notice requirements. Gather necessary documentation from the existing provider, such as payroll journals and employee records.
4. **Implementation and Training:** Set up the new payroll system by configuring software, entering employee data, and defining pay structures. Provide training to ensure all users are comfortable with the new system, which is crucial for a smooth transition.
5. **Go Live and Review:** Launch the new system and thoroughly review the first payroll run to identify and rectify any discrepancies. Continuously monitor the system to ensure it meets your organization's needs and provides a seamless experience for employees.

Switching payroll technology can seem daunting, but with careful planning and the right provider, it becomes a manageable process that can significantly improve efficiency and employee satisfaction.

## Importance of Updating Your Payroll Technology

Updating payroll technology is essential for maintaining efficiency, compliance, and employee satisfaction. Consider these key points when modernizing your payroll system(s):

1. **Automation and Integration:** Automating payroll processes saves time and reduces errors. Integrating payroll with existing systems, such as Human Resources (HR) and accounting software, ensures seamless operations and data consistency.
2. **Compliance with Legal Requirements:** Staying updated with evolving payroll laws and regulations is crucial to avoid fines and penalties. Modern payroll software aids in compliance by automatically incorporating legislative updates and changes. However, employers are ultimately responsible for ensuring legal compliance.
3. **Cloud-Based Solutions:** Transitioning to cloud-based payroll systems offers scalability, flexibility, and enhanced security. These systems support a globally mobile workforce and provide real-time data access.
4. **User Experience and Employee Access:** A user-friendly interface and improved employee access to payroll information, such as electronic payslips and self-service portals, enhances employee satisfaction and reduces administrative burden.
5. **Payroll Audits and Training:** Conducting regular payroll audits can identify areas for improvement and ensure processes remain efficient and compliant. Proper training on new payroll software is also crucial to maximize its benefits.
6. **Adoption of AI and Machine Learning:** Implementing AI and machine learning can enhance payroll accuracy, provide insights through data analytics, and improve compliance management.
7. **Reduction of Manual Processes:** Eliminating manual workarounds reduces the risk of errors and frees up resources for more strategic tasks.

Focusing on these areas can help businesses modernize their payroll systems, improve operational efficiency, and enhance the overall employee experience.

## PROJECT GOVERNANCE

Establishing effective project governance is critical to the successful rollout and implementation of new payroll technology. It ensures the project stays on track, meets its objectives, and delivers value to the organization. The following components are essential for robust project governance:

1. **Steering Committee:** It is essential to form a steering committee composed of key stakeholders, including representatives from HR, payroll, finance, IT, and tax/compliance. This committee provides strategic direction, makes critical decisions, and resolves issues that arise during the project.
2. **Project Manager:** It is crucial to appoint an experienced project manager to oversee the project. The Project Manager is responsible for planning, executing, and closing the project, ensuring it is completed on time, within budget, and to the required quality standards.
3. **Clear Objectives and Scope:** Defining clear objectives and scope from the outset helps align the project team and stakeholders. This includes outlining the specific goals of the payroll technology update, such as improving efficiency, ensuring compliance, and enhancing user experience.
4. **Risk Management:** Proactively identifying and managing risks is vital to prevent potential issues from derailing the project. The steering committee and project manager should conduct regular risk assessments and develop mitigation strategies to address any identified risks.
5. **Change Management:** Implementing new payroll technology can disrupt the organization. To guide the transition, a comprehensive change management strategy and plan should be developed. This plan should include communication strategies, training programs, and support mechanisms to help employees and leaders adapt to the new system.
6. **Performance Measurement:** Establishing key performance indicators (KPIs) to measure the project's success is essential. These KPIs should align with project objectives and be monitored regularly to ensure the project is on track and delivering the desired outcomes.

Focusing on these areas within the project governance framework helps ensure a successful and smooth transition to the updated or new payroll system, as well as improved operational efficiency and enhanced employee satisfaction.

## NEEDS ASSESSMENT

As businesses evolve, payroll needs become more complex. Regularly assessing your current payroll system's limitations and evaluating your organization's potential growth is crucial to maintaining efficient and compliant payroll operations.



## Identifying Current System Limitations

Current payroll systems often face numerous limitations that hinder their effectiveness and efficiency. As the business environment becomes more complex, it is essential to recognize and address these challenges to ensure seamless payroll operations.

1. **Scalability Issues:** Many legacy payroll systems struggle to handle increased employee count or complex pay structures. If your system slows down significantly during payroll runs or requires manual workarounds for new pay types, it's already reached its scalability limits.
2. **Integration Challenges:** Modern businesses rely on interconnected systems. If your payroll software doesn't seamlessly integrate with your HR, time-tracking, or financial systems, it's likely creating inefficiencies and data discrepancies.
3. **Lack of Automation:** Outdated payroll systems often require extensive manual data entry and processing, which increases the risk of errors and consumes valuable time.
4. **Limited Reporting and Analytics:** If generating custom reports or accessing real-time payroll data is too difficult with your current system, you're missing valuable insights that could inform business decisions.
5. **Compliance Concerns:** Payroll regulations are constantly evolving. Systems that don't automatically update to reflect the latest tax laws and reporting requirements put your organization at grave risk of non-compliance.

## Evaluating Business Growth and Payroll Complexity

Businesses anticipating growth need to ensure their payroll system can handle an increased headcount, manage geographic expansion with global payroll capabilities, and adapt to more complex compensation structures. Additionally, the system should offer robust self-service options for employees and meet evolving data security and privacy requirements.

1. **Workforce Expansion:** Consider your hiring projections. If anticipating significant growth, ensure your payroll system can easily accommodate an increased headcount without sacrificing overall performance.
2. **Geographic Expansion:** Global payroll capabilities become crucial for business expansion into new provinces and/or countries. Evaluate if your current payroll system can handle varying tax jurisdictions and international payroll requirements.
3. **Confirm Compensation Structures:** As organizations introduce more complex pay structures (e.g., bonuses, commissions, equity compensation, etc.), the payroll system must accurately calculate and report these varied elements.
4. **Increased Demand for Self-Service:** Growing businesses often seek to empower employees with self-service options for viewing pay stubs, updating personal information and accessing tax documents, to name a few. Ensure your payroll system offers robust self-service features.
5. **Data Security and Privacy Requirements:** As your business grows, so does the volume of sensitive payroll data. Evaluate if your current system meets evolving data protection standards and scale its security measures accordingly.

## Gathering Stakeholder Feedback

### Stakeholder Input

Engaging stakeholders early and consistently ensures the new payroll system meets your organization's diverse needs. Stakeholders from different departments have varying priorities and concerns, which must be addressed to avoid future complications. Their feedback helps select the right system and fosters buy-in with smooth adoption across the organization.

## Identifying Key Stakeholders

The following list of stakeholders is not exhaustive but should include the following:

1. **Human Resources (HR):** Their key concerns revolve around integration with current HR systems, data accuracy, and employee satisfaction with self-service tools. HR is interested in how the new payroll system manages employee records and supports compliance with current labor laws. They will also focus on the system's capabilities to handle employee onboarding, terminations and other HR processes.
2. **Finance/Accounting/Payroll:** They will be keen on the system's ability to produce detailed payroll reports, manage payroll expenses, and integrate seamlessly with the organization's financial systems. They will also require robust tools for financial audits and tax reporting. This may also include your payroll department.
3. **Information Technology (IT):** The technical requirements must be assessed, including the system's compatibility with existing IT infrastructure, cybersecurity measures, and how easily it can integrate with other enterprise systems (such as ERP, time tracking, HR management, etc.).
4. **Employees:** Provide insights into the current payroll system's usability and their experience accessing pay stubs, tax forms and updating personal information. Gathering their feedback ensures the new system meets their expectations. The employer should take special note of self-service features, ease-of-use and access to payroll information.
5. **Legal/Compliance:** This department focuses on whether the system is updated to reflect the latest regulatory changes, supports accurate tax calculations, and manages legal reporting requirements. It also ensures the system maintains data privacy standards, especially concerning sensitive employee information.

## Documentation and Analysis

After gathering feedback, it is important to document and analyze your findings:

1. **Summarize Feedback:** Categorize feedback by department and functional area (e.g. report needs, integration, data security, etc.). This step helps identify patterns and areas requiring attention.
2. **Identify Common Themes:** Look for recurring issues, such as common errors in the current payroll system, lack of integration with current software, or difficulties generating reports. These common themes should guide the selection and customization of a new payroll system.
3. **Prioritize Needs:** Rank the identified needs based on their importance to payroll operations and alignment with the organization's strategic goals. High-priority needs might include compliance updates, scalability and integration capabilities.

## When To Go Live

### Project Planning

Develop a comprehensive project timeline outlining each phase of the payroll system transition. Key phases could include discovery (gathering requirements), selection, implementation, testing, and training. A crucial part of project planning is identifying dependencies and milestones. For example, certain stages of the implementation need to be completed before testing. Ensure that clear milestones are set, including data migration, finalizing system configurations, and acceptance testing.

Within the project planning stage, you will come across critical milestones, such as:

- **System Selection:** The chosen payroll technology is set; contracts are signed, and the implementation phase begins.
- **Data Migration:** Migrate data from the old system, ensuring all historical data is accurately transferred and can be accessed in the new environment.
- **Testing Phases:** System integration testing (SIT) ensures the system works with other systems, and user acceptance testing (UAT) where end-users test the system in real-life scenarios.
- **Employee Training:** Ensure the completion of training sessions for all stakeholders and confirm they understand how to use the new system effectively.

The following table outlines the potential pitfalls of changing payroll technology and how to avoid them.

Problem	Solution
<b>Not enough time</b>	<p>In the planning stage, ensure to leave enough room for:</p> <ul style="list-style-type: none"> <li>• Scheduling problems, such as year-end, holidays, or periods of high transaction volume.</li> <li>• Unexpected delays, such as issues with data migration, technical glitches, etc.</li> </ul>
<b>Not enough testing</b>	<p>Test, test and test again. Consider running a pilot phase where the new system is used in parallel with the old system to identify and resolve issues before the go-live date.</p>
<b>The system isn't stable</b>	<p>Ensure the new payroll system passes all testing phases without significant issues. Conduct stress tests to simulate peak usage and ensure the system can handle high volumes of data and transactions without compromising performance.</p>
<b>Data isn't accurate</b>	<p>Ensure old data is migrated successfully. Conduct parallel payroll runs between the old and new systems to ensure consistency. Address any discrepancies after testing.</p>
<b>Stakeholders are not prepared</b>	<p>Ensure all relevant stakeholders are trained well before the go-live date. Training must cover all essential functions, from running payroll to generating reports and beyond. For ongoing training, ensure proper documentation (e.g. user manuals) and support to assist with any issues arising from the transition.</p>
<b>The system isn't compliant</b>	<p>Double-check that the new system is fully compliant with the relevant federal and provincial legislations. Prepare for potential audits by ensuring the system can generate the reports necessary to demonstrate compliance.</p>
<b>Not enough communication about the new system</b>	<p>Clear and concise communication is key to earning buy-in from all parties, including stakeholders. Consider the following:</p> <ul style="list-style-type: none"> <li>• Provide regular updates to inform all stakeholders, especially when the go-live date approaches. Highlight high-level information, such as milestones and key changes.</li> <li>• Provide clear instructions to employees about the changes they might experience with the new payroll system.</li> <li>• Provide employee training, whether in-person seminars, online training modules, or self-guided documentation (such as a user guide). Don't neglect post-go-live training to address any questions or issues arising from the new system.</li> </ul>

Problem	Solution
<p><b>Not enough support</b></p>	<p>Ensure all the necessary support is in place before the go-live date. This includes dedicated helpdesk support for technical issues arising after the go-live date. Also, include a feedback mechanism. This could be a survey, regular check-ins with employees, etc. Gathering input post-live is crucial.</p>
<p><b>Not enough budget</b></p>	<p>Implementing a new payroll system can impact the budget in many ways. As a result, project costs must be continuously maintained and monitored. The Project Manager must periodically report on the implementation progress and cost analysis.</p>

### Types of Payroll Technology

Payroll technologies come in several forms: Outsourced (through a vendor), insourced (in-house), or through the cloud (completely online).

#### Outsourcing

Outsourcing payroll can significantly reduce the workload on internal HR and Finance teams, freeing them to focus on strategic initiatives rather than administrative tasks (especially if you do not have a dedicated payroll professional on staff). Outsourcing with the right vendor can also ensure you remain compliant with the latest regulations and reduce the risk of penalties and legal liability.

#### Insourcing

Creating and maintaining an in-house payroll system is viable if your business has the resources (time, funds, and employees) to make it happen. Insourcing allows for greater control of payroll process, data and compliance efforts. This is particularly important if your organization has unique payroll needs or operates in a highly regulated industry. In-house systems can also be highly customizable (if necessary), offering greater flexibility in process design and integration with other systems.

#### Cloud

Cloud-based systems provide real-time access to payroll data from any location, which is essential for organizations with remote teams or multiple office locations. Being solely online, accessibility enhances flexibility in managing payroll operations.

## Integration With Other Systems

Depending on the selected payroll system (outsource, insource, cloud), special considerations should be given to data flow across all systems in the company's technological landscape. This helps limit the number of times manual intervention needs to occur to minimize the duplication of effort. Integrating a new payroll system with other systems is critical to ensure smooth operations and data consistency.

Initially, it is important to define integration needs by creating a list of all other systems that need integration with the new payroll system.

Some common payroll system integrations may include:

- **HRIS (Human Resources Information System)/HRMS (Human Resources Management System)** (in other words - System of Record): For employee records, total rewards information, etc.
- **Accounting Systems (GL/Expense System):** Managing general ledger entries, expense reporting, and financial statements.
- **Time and Attendance System:** This system is used to track employee hours and attendance accurately.
- **Benefits System:** This is used to handle benefits enrollment, changes, and premiums.

Once integration requirements are determined, consider available integration methods. Some of the frequently used methods include:

- **API (Application Programming Interface):** Commonly used for real-time data exchange between systems.
- **Data Export/Import:** Periodic data exports (e.g., CSV files) may be a viable alternative for systems without real-time integration.
- **Middleware:** Middleware solutions that act as intermediaries to facilitate data exchange between systems are available.

# DEFINE OBJECTIVES AND REQUIREMENTS

## Setting Smart Goals For The New System

Setting clear goals allows you to stay focused on what's important, such as a list of 'must-haves'. Each goal can be broken down into sub-goals and tracked within the project plan to ensure continued progress. A common acronym used for this is SMART, which stands for:

- S – Specific
- M – Measurable
- A – Attainable
- R – Relevant
- T – Time-bound

For example, implementing a cloud payroll solution that integrates with existing HR and accounting software to achieve a 95% accuracy rate and reduce payroll processing time by 50% within 6 months.

Setting clear goals is essential for aligning with strategic business objectives, ensuring clarity of the project scope and helps reduce (if not eliminate) scope creep. It also creates a benchmark for measuring future success of the new system.

Overall, clear goal setting supports the entire process of the new payroll system onboarding. From the initial planning phase and implementation to the post-go-live evaluation, clear goals help ensure the new technology effectively delivers the intended results and benefits.



## Creating A List of Required Features and Functions

The outcome(s) of the Needs Assessment step and overall goals dictate the required features and functions for the new payroll system. Needs and goals can be divided into categories and subsequently prioritized. Developing a detailed plan outlining each category, its features, and any specific preferences supports building future Request for Proposals (RFP) for vendors and rating their responses based on assigned priorities.

Some categories to consider are:

- **Payroll Accuracy and Efficiency:** Accurate gross-to-net calculation, the ability to accommodate various standards and custom taxable benefits and allowances, resident and non-resident tax calculations, support for multiple payroll frequencies, and union payroll, to name a few. This includes any functionality to streamline payroll processes, reduce manual interventions, and minimize processing time.
- **Compliance and Reporting:** Adherence to local tax regulations and regulatory changes, ability to generate and file tax returns, standard and custom reporting options, dashboards and Key Performance Indicators (KPIs).
- **Employee/Management Self-Service:** Secure (and mobile) access to view pay information, including pay statements and tax forms; ability for employees to update their personal, banking, and tax information; and time off request features.
- **Time and Attendance:** Ability to set up multiple shifts and or schedules and track working hours, as well as integrate with leave management systems.
- **Benefits Administration:** Supporting enrollment and benefits change process, premium calculation, and integration with the benefits vendor for data exchange and updates.
- **Security and Data Protection:** Encryption of payroll data in transit and at rest, role-based access to the system, audit trail of changes performed in the system. Automated data backup and Disaster Recovery plans in effect.
- **User Experience:** Focus on ease of use for payroll administrators and employees. Consider intuitive interfaces, AI features, self-service options, and customizations.
- **Integrations:** Technical capabilities to integrate with other systems and modules.
- **Scalability:** The ability to accommodate different payroll policies, pay groups, and tax jurisdictions and to scale with organizational growth.
- **Customer Support and KPIs:** Access to customer support teams for issue resolution, training and onboarding support availability, and acceptable KPIs for inquiries.
- **Cost Management:** Understanding additional charges outside of implementation and ongoing fees.

By categorizing features effectively, you can better manage requirements, streamline the selection process, and ensure your new payroll system meets all organizational needs.

## Considering Future Scalability and Flexibility

Future scalability and flexibility are crucial when selecting a new payroll system; they ensure it can adapt to the organization's growth and changing needs. Some areas of consideration are:

1. **Organizational Growth:** Based on hiring trends and business goals, estimate the future headcount. Ensure the vendor supports growth without compromising performance. It is also important to consider geographic expansion. Verifying the vendor's multi-geographic capabilities would be wise if the business plans to grow locally or internationally.
2. **System Architecture:** Cloud-based systems generally offer better scalability as they can handle varying loads without requiring significant infrastructure changes. In-house systems might require hardware upgrades to scale. Module-based systems allow users to add new features in the future without needing a full system re-implementation.
3. **System Integrations:** Robust Application Program Interface (API) support can help with future integration needs. Any other third-party compatibility should also be considered for future planning.
4. **Customization Options:** Modifying workflows, payroll rules, and schedules can help businesses stay current with business growth. Customized report-writing tools also help support evolving reporting requirements.
5. **Vendor's Roadmap, Stability and Reputation:** Review the vendor's roadmap to understand their plans for future enhancements and technology improvements. Ensure the vendor provides regular updates, system releases and support to address evolving legislative changes. Choose a vendor with a strong track record and financial stability, as they are more likely to invest in ongoing development and support.
6. **Data Storage and Performance:** Assess the system's performance with increasing transactions and users. Request performance benchmarks or case studies from the vendor. Understand data archiving and retrieval processes.

A thorough evaluation of these areas can help determine the most suitable payroll system that meets current needs, scales with the organization's future growth, and easily adapts to changing requirements.

# DATA MIGRATION

## Preparing Data For Migration

Preparing payroll data for migration from one system to another is a critical process that requires careful planning and execution. Here are the key steps to prepare your payroll data for migration:

Task	Details
<b>Review Current Payroll Data</b>	Audit existing payroll data and categorize employee profiles, entitlement balances, permanent codes, and earnings/deductions per province.
<b>Identify Essential Data for Migration</b>	Identify mandatory and 'nice-to-have' data, determine historical data for transfer, and save historical data for audits and government reporting.
<b>Create a Data Migration Plan</b>	Document assessed data, cleanse data, map data fields, back up all data, validate data consistency, test migration process, and document the entire process.
<b>Ensure Data Accuracy and Integrity</b>	Map data fields, validate data consistency, implement data quality checks, and reconcile discrepancies.
<b>Data Backup and Security</b>	Create comprehensive backups, implement secure transfer methods, encrypt sensitive information, and comply with data protection regulations.
<b>Historical Data</b>	Identify critical historical data, strategize EI data migration, preserve payroll history, and handle leave and attendee history.
<b>Year-End Information</b>	Ensure accuracy of T4 and RL data, migrate year-to-date totals, handle mid-year migrations, and verify tax-related information.
<b>Garnishee Management</b>	Transfer active garnishment orders, ensure continuity of payments, update calculations, and maintain history and documentation.
<b>Testing and Validation</b>	Conduct parallel runs, test user acceptance, and verify data integrity post-migration.
<b>Go-Live and Post-Migration Support</b>	Plan cutover process, provide training, monitor initial payroll runs, and address post-migration issues.

# IMPLEMENTATION AND TESTING

## Set Up The New Payroll System

### System Installation

When installing the new payroll software, follow the vendor's guidelines for system requirements and compatibility checks. Ensure IT is involved in all security checks and balances with the new installation. Also, ensure the correct licensing is in place for all components of the new payroll system, including add-ons or extensions.

### Initial Configuration

The initial configuration step is critical as it sets the stage for the rest of the payroll system rollout. For a successful initial configuration, keep in mind the following:

- **System Parameters:** Set up the basic system settings, such as company information, payroll schedules, payroll tax IDs, and provincial and federal tax identification numbers (such as RP/RS payroll deduction accounts). Pay attention to reduced EI rate categories.
- **User Interface (UI) Customization:** Configure the user interface to suit the payroll team's preferences and ensure it is user-friendly and intuitive.

### Data Migration

- **Data Extraction:** Extract payroll data from the legacy system, including employee information, historical pay, tax data and benefits.
- **Date Validation:** To ensure accuracy, clean and standardize the data before importing to the new system.
- **Data Import:** Import the cleaned data into the new payroll platform, testing for completeness and accuracy.

### Integration with Existing Systems

The two main systems a new payroll platform will integrate with are existing HR and finance systems.

1. **HR System Integration:** Ensure seamless integration with existing HR platforms for tracking employee information, benefits, time and attendance.
2. **Finance System Integration:** Link the new payroll system with the finance module to automate data flow between payroll and accounting and ensure synchronization of expenses and tax filings.

## **Conduct Pilot Testing**

### **Develop a Comprehensive Strategy**

Develop a detailed testing plan outlining the scope, objectives, and timelines for testing different payroll components. During the pilot, ensure that payroll accuracy, speed, and compliance benchmarks are established.

### **Test for Various Scenarios**

Create test scripts for multiple payroll scenarios, such as different pay cycles, bonuses, overtime, deductions and tax calculations. Include scenarios like retroactive pay adjustments, terminations or multiple jurisdictions.

### **Select a Pilot Group**

Select a group of employees from various departments, pay levels and locations to simulate different payroll scenarios. Include salaried, hourly and contract workers (if possible) to cover all possible payroll categories while paying particular attention to union contract positions and pay grades.

### **Execute Pilot Tests**

Perform payroll runs using the pilot group's data, following actual payroll cycles to gauge system performance. Track system outputs for accuracy and compare them against expected results.

### **Document Results and Feedback**

This is a crucial and often overlooked step. Everything from the beginning to the end of the project must be written down in an easily digestible way so that success can be repeated, or mistakes can be learned from. Within the documentation, gather feedback from the payroll team and pilot participants regarding the system's usability and performance. Record any errors, discrepancies, or bugs for later resolution.

## Address Issues and Adjust

### Analyze Pilot Test Results

Analyze the pilot test results, focusing on discrepancies in payroll calculations, tax filings and reporting outputs. Review feedback from payroll administrators and employees regarding ease of use and system reliability.

### Identify and Prioritize Issues

Identify issues based on severity (critical, moderate, or minor) and prioritize them for best resolution. Assess each issue's potential impact on payroll accuracy, compliance and operational efficiency.

### Develop Solutions

- **Bug Fixes** – Work with the software vendor or internal IT to resolve bugs or discrepancies in payroll calculations.
- **Custom Adjustments** – Implement necessary adjustments to tax rules, deductions or benefits modules.

### Implement Fixes

- **System Updates** – Apply patches or fixes to the payroll system, ensuring all issues identified during the pilot are addressed.
- **Regression Testing** – After fixes are implemented, conduct a round of regression testing to ensure no new issues arise.

### Reset to Confirm the Resolution

Repeat tests for scenarios with issues during the pilot to confirm problems are resolved. Gain approval from the payroll team to ensure the system is ready for full deployment. At this stage, it is important to sweat the small stuff; even a small bug or error could create problems.

## Finalize System Configuration

Once the new payroll system is installed and tested, it is time to finalize all system configurations before user sign-off and the go-live date. Follow the steps below to ensure smooth configuration.

1. Review and update system settings.
  - a. Review all system settings, including pay cycles, tax codes, and benefit plans, and ensure they are configured correctly.
  - b. Make any necessary tweaks to system parameters based on pilot feedback.
2. Fine-tune calculations and rules.
  - a. Ensure payroll calculations (such as gross-to-net pay, overtime, and deductions) are accurate and comply with federal and provincial laws.
  - b. Fine-tune rules for vacation accruals, bonuses and payroll taxes to match organizational policies or collective agreements.
3. Configure reporting and analytics.
  - a. Customize reporting templates for auditing, compliance and financial reporting needs.
  - b. Set up dashboards to track payroll expenses, tax liabilities and other key metrics in real-time.
4. Set up user roles and permissions.
  - a. Define user roles and permissions to ensure payroll data is accessible only to authorized personnel.
  - b. Implement strong password policies and encryption to protect sensitive payroll data.
5. Document the final configuration.
  - a. Create comprehensive documentation for the final payroll configuration, detailing settings, workflows and integration points.
  - b. Provide detailed guides for payroll administrators on how to use the system.

## User Sign-Off

The final stage in this process is to get final buy-in and acceptance from all key stakeholders. Follow the steps below to ensure successful user sign-off.

1. Prepare user acceptance criteria.
  - a. Clearly outline criteria the payroll system must meet for final user acceptance, focusing on accuracy, speed and compliance.
2. Conduct user training sessions.
  - a. Conduct in-depth training for payroll administrators and key users, ensuring they understand system functionalities.
3. Facilitate user testing and feedback.
  - a. Allow key users to perform payroll runs and other system functions, gathering feedback on their experience.
4. Address user concerns and questions.
  - a. Hold sessions to address user questions or concerns and ensure they feel confident using the new payroll system.
5. Obtain formal (written) sign-off from key stakeholders.
  - a. Obtain formal sign-off from critical stakeholders and payroll administrators, confirming the new payroll system is ready for the go-live date.



# CHANGE MANAGEMENT, COMMUNICATION AND TRAINING

## Change Management

Businesses need an effective change strategy from the start and ongoing support throughout the project. Change management is the key to minimizing the impact on employees during this transition. Some employees, especially those who do their daily tasks a certain way, may resist change. However, proper change management, clear and open communication, and proper planning will help everyone through the transition.

When building an effective change strategy, consider the following:

- This strategy should include not only the project team but key stakeholders and executives. This ensures consistency, and the same message is communicated across all levels of the organization.
- The most effective way to control and communicate change is to have a single point of contact via a Change Manager. The Change Manager manages the strategy and owns the source information and communication (e.g. training, documentation, Standard Operating Procedures [SOPs], job aids, FAQs, etc.).
- The Change Manager controls training and documentation and ensures the same source of information is being used for all communications. Part of the change strategy includes determining who the audience is and the various levels of interest; does the audience need complete and full details or only high-level points?
- Change management is often neglected, forgotten about, or insufficient time/resources to devote the necessary attention it deserves.
- Address employee concerns about process changes. Employees are accustomed to the old payroll system and may resist transitioning to a new one.
- When you fail to communicate changes, you affect your own reputation as a trustworthy employer. As well, employee morale may be compromised, which in turn can lead to increased turnover.
- Avoid the one-size-fits-all approach.
- Engage stakeholders from the outset of the project.
- Use multiple communication tools.
- Offer ongoing support.

## Communication

Communicate proactively with employees about the timeline and expected changes to minimize uncertainty and resistance. Provide regular updates and communication to employees about the progress of the implementation and address any issues or concerns proactively. Communication should vary: Emails, texts, town halls, videos, posters, newsletters, Intranet, etc.

Inform employees (and unions, if applicable) well in advance of the change. This can be effectively communicated through documentation, videos, etc. Engage employees in the process by setting up practical demonstrations on how to update their personal information and submit timecards, to name a few.

Lastly, ensure employees are engaged throughout the process through regular updates, training sessions and support materials. This will bolster confidence and ensure a smooth transition.

## Training

Create tools and training guides for users, such as user guides, job aids, how-to videos, and seminars. Assess your team's capabilities and resources to avoid ineffective plans. Explore technology options like training apps and AI, as technology always evolves.

Communicate differently based on employee roles: field employees may prefer text messages, while office staff might favour emails or memos. Engage employees with regular updates, training sessions, and support materials to ensure confidence and a smooth transition.

Some other things to consider when thinking about training:

- Prioritize ongoing training and development for employees and regularly evaluate system performance and user feedback. Make necessary adjustments or transitions to maintain long-term sustainability.
- Provide comprehensive training sessions to familiarize employees with the new system and address any concerns or questions they may have.
- Designate a dedicated support team to assist employees with troubleshooting issues and provide ongoing support during the transition period.
- During the transition to a new payroll system, employees may experience confusion or frustration with changes to their payroll processes. These impactful changes need to be communicated to the entire organization.
- Customize communication messages to different stakeholder groups, highlighting the benefits of the new payroll system and addressing any potential impacts on their roles or responsibilities.

- Publish regular email updates, post announcements on the company intranet, and hold town hall meetings to discuss reasons for the change and the benefits it will bring.
- Provide training sessions and support materials to help employees transition to the new system smoothly.
- Communication can be through email blasts, newsletters, messages from the CEO, etc.
- Change impacts people and roles differently. Identifying different users helps create a more effective custom communication plan for each user group.

## GO-LIVE

### Execute The Final Transition

The transition phase in a payroll implementation is critical as it involves finalizing all system configurations and ensuring everything is in place for a smooth go-live. This phase includes the following key activities:

1. **Managing the Cutover Checklist:** The cutover checklist ensures all tasks required for the transition from the legacy system to the new payroll system are tracked and completed. This includes confirming data migration is accurate, system configurations are finalized, and any other critical tasks are done before the payroll goes live.
2. **Sanity Checks and Audits:** Sanity checks help verify that basic processes are functioning as expected. For example, they verify that employee records, tax configurations, and payment methods are correctly set up. On the other hand, audits are more thorough reviews to ensure data integrity, accuracy in deductions, and other compliance checks are met before the payroll system goes live.
3. **Data Entry Activities:** All final data inputs (e.g., staffing changes or employee data updates) are processed and migrated to the new payroll system. Any last-minute adjustments related to workforce changes must be made to ensure payroll reflects the correct employee roster and compensation data.
4. **Configuration Changes:** Depending on the cutover plan, certain configuration changes must be pushed from the testing or development environment to production. This includes system settings, pay rules, and other custom configurations that must be live for the first payroll run. Some configurations may need to be pushed out to a post-go-live plan and road-mapped for a future implementation date.

5. **Data Audits:** Conducting data audits ensures the accuracy of all migrated data. This includes validating that employee data is loaded accurately and will not cause issues in the first pay run. Any discrepancies found during these audits should be corrected before running payroll.
6. **Tax Form Completion:** Ensure any necessary TD1 forms are completed or updated. Managing changes in these forms might require special attention during the transition. Your change Management plan comes in handy for communicating employees' requirements.
7. **Payment Election Entry:** A common issue during cutover is missing payment elections. Follow up with employees who have not submitted their payment preferences to ensure no disruptions in payroll. Moreover, implementations often are a time when organizations can require employees to input direct deposit information for the first time, reducing or eliminating the need for manual cheques.
8. **Social Insurance Numbers:** Verifying national identification is another important step in ensuring employee records are valid and complete. Audit your data for 9-series SINs and their expiry dates, requesting updated identification from impacted employees before going live.

## Monitor First Payroll Runs

Once the new payroll system is live, the initial payroll runs are crucial for identifying any discrepancies and ensuring the system performs as expected. Monitoring these runs will include the following activities:

1. **Changes During Payroll:** Throughout the first few payroll runs, changes may arise that need immediate attention, such as corrections to employee records or pay components. Have a process in place to handle these changes efficiently to prevent errors from cascading through the payroll cycle.
2. **Appropriate Reporting for Pay Result Analysis:** Ensure the payroll system generates the correct reports for pay result analysis. These reports allow you to cross-check amounts paid to employees, taxes deducted, benefits calculated, and other elements against manual records or prior payroll cycles.
3. **Processing Checklist:** Use a processing checklist for each payroll run to ensure all necessary steps are followed. This checklist might include verifying employee data, running pre-payroll calculations, auditing deductions, and confirming all third-party integrations (e.g., benefits, taxes) function as expected.

4. **'Gut-Check' for Pay Calculations:** It is good practice to manually validate a small set of payroll calculations to ensure the system's results match expectations. This can involve selecting a sample of employees with different pay elements and manually calculating their pay to compare with system-generated results.
5. **C-Suite Employees:** Payroll for C-suite employees often involves different or more complex pay structures, including bonuses, stock options, and different tax treatments. Pay extra attention to their payroll to ensure no errors occur, as mistakes in executive payroll can have significant consequences.

## Provide Support and Troubleshooting

Even after the payroll system goes live, providing immediate support for issues that arise is critical for ensuring a smooth operation. This includes:

1. **3rd-Party Support/Internal IT** - Consider whether third-party support or internal IT teams are required to address technical issues. Clearly define the escalation process for troubleshooting problems and ensure all involved teams know who to contact for various issues.
2. **Communication with Human Resources and/or Finance** - Payroll is tightly connected to HR and Finance. Continuous communication between these departments is essential to promptly address issues such as employee record changes or financial reporting discrepancies. Establish regular touchpoints to ensure alignment.
3. **Employee Self-Service Guidance (Ticketing System)** - Empower employees to use self-service options for basic payroll issues, such as updating their direct deposit information or tax elections. Providing clear guidance and setting up a ticketing system for more complex issues can streamline the support process and reduce the administrative burden.

Successfully implementing a payroll system requires meticulous planning, thorough monitoring during the first payroll runs, and ongoing support to ensure a smooth transition and long-term efficiency, ultimately empowering all involved.

# POST-IMPLEMENTATION REVIEW

## Documentation and Testing

Conducting a comprehensive post-implementation review after implementing a new payroll system is essential. This stage ensures the system functions as expected, users are satisfied, and any issues are promptly addressed. The post-implementation review is crucial after the new payroll system goes live. It ensures the system functions as intended and allows timely identification and correction of any issues. This section provides guidance on conducting a thorough review and making necessary adjustments.

The purpose of a post-implementation review includes:

- Evaluating the effectiveness of the newly implemented payroll system.
- Identifying any areas for improvement or potential issues.
- Ensuring stakeholder satisfaction, including payroll, HR, IT, and finance teams.
- Confirming compliance with payroll regulations and data security standards.

## User Feedback

### Collect Feedback from Users

After the system goes live, gather feedback from key stakeholders. This includes:

- **Payroll Team:** Assess ease of use, accuracy and speed.
- **HR and Finance:** Ensure seamless integration with HRIS and financial systems.
- **Employees:** Verify the system provides accurate pay, easy access to pay stubs, and other payroll-related information.
- **IT Department:** Ensure the system functions without technical glitches or performance issues.

### Methods for Gathering Feedback

- Surveys and questionnaires.
- One-on-one interviews or focus groups.
- Support tickets and user issues logged during the initial go-live period.

## Evaluate System Performance

Once feedback is collected, it's vital to assess the new system's technical and functional performance against predefined metrics.

- **System Reliability:** Measure uptime, speed, and performance during peak payroll processing times. Ensure the system handles high-volume payroll runs without lag or errors. Is the payroll process faster, more efficient, and aligned with the desired performance outcomes?
- **Accuracy of Payroll Calculations:** Conduct a detailed analysis of payroll outputs, comparing them to prior results. Look for any discrepancies in deductions, tax calculations, or benefits administration. Were there any errors in the first few payroll runs? How were they addressed?
- **Integration Functionality:** Review the system's integration with HR, time-tracking, and accounting software. Ensure data flows seamlessly between systems without manual intervention. Are the system integrations (e.g., with HR, time and attendance, and benefits) working as planned?
- **Compliance:** Ensure the system aligns with federal and provincial legislations. Confirm the system is updated to reflect any recent legal changes and reports for tax filings and compliance are generated accurately.
- **User Experience:** Evaluate user feedback on system usability and accessibility, focusing on whether employees and administrators can efficiently complete tasks like accessing payslips, updating information, and generating reports.
- **Data Security:** Confirm security protocols are working as expected, protecting sensitive employee data.

## Make Necessary Adjustments

Based on feedback and performance evaluations, adjustments may be required to optimize the system's functionality and resolve any issues.

- **Fixing Bugs and Errors:** Address any identified technical issues, such as incorrect payroll calculations, slow processing times, or integration failures. Prioritized these based on the impact on payroll accuracy and user experience.
- **Enhancing Features:** Based on user feedback, consider enhancing system features or making customizations to better suit the organization's needs. This could involve improving self-service functionality, automating additional processes, or refining reporting tools.
- **Ongoing Training:** Provide additional training sessions to users who may be struggling with certain system functions. Updated user manuals or quick-reference guides can be distributed to assist users in navigating the system more effectively.
- **Continuous Monitoring:** Set up a framework for ongoing system performance monitoring to ensure it continues to meet business requirements as the organization grows. Regular audits of payroll accuracy and compliance should also be incorporated into the process to minimize the risk of future issues.
- **Vendor Support:** Engage with the software vendor or implementation partner to address any persistent issues that can't be solved internally.

## Documentation

- Record all findings from the post-implementation review, including feedback, identified issues, and the corrective actions taken.
- Update standard operating procedures (SOPs) to reflect any changes made during the review process.
- Ensure a detailed report is provided to all stakeholders, highlighting successes, areas of improvement, and future action plans.

## Review Timeline

- **Initial Review:** Conduct the first review within 2-4 weeks after the system goes live. This is critical for catching early issues.
- **Ongoing Reviews:** Schedule follow-up reviews at regular intervals (e.g., at the 3-month and 6-month marks) to ensure the system continues to meet business needs and performance expectations.

By following these steps, the post-implementation review will help ensure that the payroll system remains effective and that the organization continues to benefit from its new technology investment.



## CONTINUOUS IMPROVEMENT

Implementing new technology is not a one-time event; instead, it is considered the beginning of an ongoing process. This step is essential because it ensures the technology meets the organization's evolving needs and delivers maximum value over time.

The table below outlines more benefits of continuous improvement.

Aspect	Description
<b>Ongoing Process</b>	Implementing new technology is the beginning of a continuous process.
<b>Technology Evolution</b>	New features, updates, and advancements emerge regularly.
<b>User Feedback</b>	Incorporation of user feedback leads to a more intuitive experience.
<b>Issue Resolution</b>	Framework for promptly identifying and resolving issues.
<b>Process Optimization</b>	Fine-tuning processes and optimizing workflows.
<b>Adaptability</b>	Technology adapts to changing business needs and priorities.
<b>Maximizing Investment</b>	Achieving higher returns through increased efficiency and productivity.
<b>Culture of Innovation</b>	Fosters innovation and proactive problem-solving.

## APPENDIX

### Case Study: Lessons From A Rocky Payroll Implementation

#### Saskatchewan Health Authority and its new AIMS system

‘The feedback that we get, I’m not going to sit here and tell you it’s all positive,’ says CHRO, citing need for ‘stabilization period’

By [Stacy Thomas](#)

October 1, 2024

<https://www.hrreporter.com/focus-areas/hr-technology/lessons-from-a-rocky-payroll-implementation-saskatchewan-health-authority-and-its-new-aims-system/388829>

The Saskatchewan Health Authority (SHA) has faced significant criticism in recent months due to payroll system failures that have affected healthcare workers across the province.

The introduction of a new Administrative Information Management System (AIMS), designed to handle essential HR functions such as payroll, expense reports, and invoices, has led to widespread frustration among employees and calls for investigation from both political leaders and unions.

The AIMS system was initially scheduled for implementation in 2021 but encountered difficulties that delayed its launch until November 2022. Even then, the system’s rollout was unsuccessful, forcing the SHA to revert to its old payroll system temporarily.

In June 2024, AIMS was reintroduced, focusing on payroll and expense reports in its first phase, and Anderson says it just completed its seventh pay cycle successfully. However, there have been bumps; healthcare workers have been reporting serious payroll issues, including delays in payments and instances of not being paid at all.

## Lessons Learned From Implementation of AIMS

Canadian HR Reporter spoke with Mike Northcott, CHRO of the Saskatchewan Health Authority (SHA), and Mark Anderson, CEO of 3sHealth which administers AIMS, about the process of implementing such a large-scale system while simultaneously decommissioning the previous, 50-year-old system.

“We really learned that a wavel approach allows us to implement in stages,” says Northcott.

“We can ensure each phase of the project is working as intended before moving to the next stage. So, rather than all at once, chunk it out into stages, it’s an important learning... We’ve learned how to engage system leaders better and equip them with the information they need to lead their teams through change.”

After implementing wave one of the new AIMS (human resources functions, finance functions and supply chain functions), a major focus now is introducing increased usability into the remaining waves, Anderson says. [Workforce management, scheduling and time entry components](#) are yet to be introduced, and they will include a user interface designed with user feedback.

“I would say that was a key learning that we had along the way – make sure, for these functions that are used every day by our frontline employees, make sure it’s really usable, easy to use, engage extensively,” he says.

“We engaged about 700 or 800 users during what we call ‘targeted user testing,’ of some of that user interface component, which gave us lots of learnings and ability to adapt.”

## Unintended Consequences of New Technologies

Unintended consequences are to be expected when introducing new technologies to large organizations, says Bryan Spencer, assistant professor at the University of Alberta, where he researches the effects of emerging technologies on work and organizations.

He explains how malfunctions in payroll technology can be especially damaging to employee morale and trust in the company.

“Technologies have a lot of interdependencies in an organization, especially if we’re talking about technologies that have been around for many, many years,” Spencer explains.

“It’s not something you can simply tear out and put a new system in without considering these things. I think the challenge was that maybe there was not much consultation done in advance, with people that could be affected by this. And when it comes to a payroll system, that’s essentially everybody.”

The Saskatchewan Union of Nurses (SUN) reported that more than 200 nurses had experienced problems with receiving their pay, and problems with scheduling and ordering supplies have negatively impacted patient care. [Healthcare workers have also expressed frustration with the lack of an accessible support system to resolve payroll issues.](#)

“Management is blaming the technology, but the workers are kind of blaming the management, right? So you can see that they are closely intertwined, and you cannot consider the technical side without considering the people, and you can’t consider the people without considering the technology,” Spencer says.

“Any changes to technology are likely going to change the organizational culture in some way.”

## **Tacit Knowledge A Problem In Replacing Legacy Systems**

A major stumbling block in switching from a well-entrenched legacy system to a newer one is the “tacit knowledge” associated with the older system, explains Spencer, meaning the ways that a technology is used in practice, which may not be included in any manual.

Unlearning the tacit knowledge built up over many years, then waiting for new user expertise to build around AIMS, will take time, Anderson admits – but it’s essential for the process to happen now, before the 50-year-old legacy system eventually crashes.

“They had all kinds of workarounds, things that weren’t handled in the system, things that were business processes that were handled outside of the system, that people just knew, and those processes grew over time, and they were well understood,” Anderson says.

“As we encounter these issues, we don’t have that level of expertise, or this historical knowledge ... we’ve developed extensive training, but there’s these unique cases that come up, and then our teams have to learn those new things, and we have to figure out where to go for that information, and we have to create new knowledge documents on how to do it, so the next person can do it correctly.”

## **Unintended Costs of Implementing Large Payroll Systems**

As of June 2024, the project had already incurred costs of about \$203 million, a significant increase from the original \$86-million budget. The final cost of the project is now projected to reach \$240 million – a cost which Anderson says is due to the complexity and scope of such a large-scale project which was necessary to implement before the old one failed, a circumstance which would have been more costly and disastrous to employees.

“It’s really a critical, you know, piece of infrastructure for us,” says Anderson. “It’s aimed at modernizing and unifying over 80 outdated and disconnected IT systems, and it’s across more than 110 organizations in Saskatchewan healthcare that use it. ... In terms of scale and scope of this thing, we’re talking about 50,000 employees paid every two weeks, with an annual spend of about \$2.5 billion. We’re talking about 15,000 healthcare workers that are scheduled daily, about 450,000 vendor invoices paid annually, 160,000 purchase orders for supplies produced annually.”

Switching to a “waved” approach meant increasing labour, Anderson says, but ensuring stability as AIMS is implemented in stages has been invaluable.

“That cost us more time, and it did add some money to the project, no question. But we think it was the right thing to do, to add that stability period into each phase, and learn, and then adapt as we move forward.”

## **The ‘Butterfly Effect’ of Payroll Tech Malfunctions**

Malfunctions in HR [systems such as payroll can have cascading effects](#), Spencer explains, as even one employee receiving an incorrect paycheque, or not being paid at all, has the ability to reverberate throughout the organization, making it essential for employers to make sure their HR systems are airtight.

“You can imagine this is sort of like a butterfly effect, where it might just be affecting one person, but actually that one person is responsible for something that’s connected to a much larger part of the organization,” says Spencer.

“If you’re only focused on this technical side of the implementation, and you don’t really consider what I call the ‘social side,’ you’re going to miss this, and then you’re going to end up with a situation where you had good intentions in implementing the technology, but you have these unintended consequences.”

A part of the usability, which Northcott says is a priority for AIMS going forward, is creating the mechanisms for employees to register their feedback and to be heard; a major complaint from employees has been a lack of avenues for receiving support.

“Employee feedback continues to drive additional enhancements in the area of data, people, learning process,” says Northcott.

“So the feedback that we get, I’m not going to sit here and tell you it’s all positive – it’s not. We hear what we can do better, that is for sure, and that’s because we design it so that we hear what those improvement opportunities are, what those pain points are, so that we can improve it. ... We’re in the stabilization period. And stabilization really means understanding ‘What’s our current state. How do

we improve it, so that it works better for everyone?”

## Changing Payroll Technology Q&A

### What are the primary motivations for considering a payroll technology change?

Companies from time to time might consider changing their payroll technology. Primary motivators for this decision could include:

- **Mergers/Acquisitions:** When companies unify due to a merger or acquisition, their respective payroll systems may be too different to combine. In this case, the best option might be to create a new payroll system with everyone in mind, through new technology.
- **Customized Systems:** Highly customized systems can become cumbersome and too complex to manage or are simply outdated and no longer apply to today's needs.
- **Legacy Systems:** Older payroll systems eventually lose support, become outdated and obsolete. The payroll system must be updated, or a new solution should be considered.
- **Scalability:** An effective payroll system evolves with an ever-expanding, global business as it looks to reach its employees on a grander scale. All employees, stakeholders, etc. need a single source of information.

### What are the key challenges associated with transitioning to a new payroll system?

Before choosing a new payroll system, a business needs to first answer a few questions:

1. Do you have the resources (both financial and staff) to accomplish this task?
2. Do you have clear expectations and understanding of the intended results?
3. Do you have the time to solely dedicate to this project?

If an answer to any of the above is “No,” further planning and consideration is required. Changing payroll systems and adapting new technologies is no small feat, proper project management, buy-in from stakeholders, time and resources are all crucial to the project's success. Remember, while transitioning to a new system, the day-to-day operations are still vital, employees expect to be paid on time and for the correct amount; it is not something that can be accomplished quickly or hastily.

Moreover, the data migration complexity also plays an integral part in this transition:

1. Is your data clean?
2. Do you currently have seamless integration between existing HR and finance systems?
3. If your data is of poor quality, will you have time to cleanse it before the project kickoff?
4. Will you pull data from more than one system?
5. What is your “truth source”? The data considered the truth going forward.

Finally, the last piece of the puzzle will be your expected go-live date. For some, the beginning of the year works best, for others it may be mid-year. For example, when considering implementing a new payroll system at the start of the year:

Pros	Cons
<ul style="list-style-type: none"> <li>• Ensures compliance with tax reporting.</li> </ul>	<ul style="list-style-type: none"> <li>• Shorter prep time to plan an implement during year end.</li> </ul>
<ul style="list-style-type: none"> <li>• Starting fresh, don't need to worry about opening balances.</li> </ul>	<ul style="list-style-type: none"> <li>• May lead to rushed decisions and inadequate testing.</li> </ul>
<ul style="list-style-type: none"> <li>• Employees expect their first pay of the year to look different, may lead to less questions for the payroll team.</li> </ul>	<ul style="list-style-type: none"> <li>• Holiday season leading up is busy with key resources possibly unavailable.</li> </ul>

When considering implementing a new payroll system mid-year:

Pros	Cons
<ul style="list-style-type: none"> <li>• Extended preparation time allows more time to plan, test and train staff on the new payroll system, potentially leading to a smoother transition.</li> </ul>	<ul style="list-style-type: none"> <li>• Creates additional work that comes with opening balances, imports and reconciliations.</li> </ul>
<ul style="list-style-type: none"> <li>• Avoids the year-end rush; potentially fewer distractions and more resources available for implementation.</li> </ul>	<ul style="list-style-type: none"> <li>• If budgets are allocated on a calendar-year basis, launching mid-year might require additional justification or resources.</li> </ul>
	<ul style="list-style-type: none"> <li>• You will need to do year-end on the new system, which brings its own set of challenges.</li> </ul>

## **How do you assess your organization's readiness for a payroll technology change?**

Implementing and running a new payroll system before your business is ready could be detrimental to the success of your organization and put stress on staff. Signs your company is ready for a payroll technology change may include:

- The current payroll process is not addressing current business needs and challenges.
- The current system is on an old platform and is about to become obsolete.
- You have strong buy-in from the executive team and key stakeholders to change the payroll system.
- Your current system doesn't have a lot of self-service features for your staff.
- A lot of payroll errors due to poor planning and organization.
- You have enough staff to manage the new project and maintain day-to-day operations of the new system.

## **What criteria should be used to evaluate potential payroll technology vendors?**

There is no 'one size fits all' approach to choosing a new payroll system. When evaluating a new payroll technology vendor, you must keep in mind your companies' goals and what success looks like to you. The vendor type and the system itself will vary widely depending on the organization, the project management team and the company at large. Take your time and make an informed decision.

After developing a clear and concise definition of requirements for a new payroll system, the following criteria should be reviewed for each potential payroll system evaluated:

- Functional fit to the definition of requirements.
- Ease of use. Is the user interface intuitive, efficient, modern, etc.?
- The vendor's product roadmap. What functionality are they intending to develop and roll out in the coming months/years?
- Support horizon for the product/version proposed.
- References.



## **How do you ensure data security, accuracy and compliance during a payroll technology transition?**

Ensuring data security, accuracy, and compliance is crucial in the transition to a new payroll system. When it comes to transitioning data, keep in mind of the following:

- Grant employees access to data based on their specific role.
- When extracting data, the previous security measures are removed and not present in the extracted files. Ensure data is encrypted, in a secure location and access is limited.
- Ensure adherence to governing laws, such as the Personal Information Protection and Electronic Documents Act (PIPEDA) in Canada.
- Do not transfer outdated data as they are based on specific points in time where rules and structures were different. If storing old data, run inquiries as reference only.
- If transferring payroll and HR data together, rules and systems need to be in place that covers both applications.

## **What are the potential impacts on employees and how can these be mitigated?**

The key to minimizing impact on employees during this transition is Change Management. Some employees, especially those who are used to doing their daily tasks a certain way, may resist change. However, proper change management, clear and open communication and proper planning in place will help everyone through the transition.

Inform employees (and unions, if applicable) well in advance of the change, this can be effectively communicated through documentation, videos, etc. Engage employees in the process by setting up practical demonstrations on how to update their personal information, submit timecards, for example.

## **What strategies can be employed to minimize disruptions during the implementation process?**

During the implementation of a new payroll system, it is important to be pragmatic and look to identify problems before they occur. A good way to mitigate potential problems is to develop a strategy. Here are a few strategies you may consider:

- Ensure you have the time and resources to conduct a pre-implementation readiness assessment.
- Examine your current state with an eye to the new system and identify anything that could be changed for the better.
- Outline a detailed project plan with clear milestones and deadlines. Detail anything that may interrupt or potentially derail the project.
- If it's a blended system, ensure payroll and HR are involved in the project at the same time.
- Implement an effective governance model. Ensure expectations and goals are clearly defined, with proper project resources in place. If possible, a project team dedicated full time to the implementation reduces the possibility of other priorities affecting the project.
- Provide regular updates to the organization, include any changes that may diverge from the original plan.
- Implement robust testing strategies and scenarios. You will need more testing than originally thought.

## **How do you effectively communicate changes to employees and stakeholders?**

The most effective way to control and communicate changes is to have a single point of contact with a Change Manager in place. The Change Manager manages the strategy and owns the source information and communication (e.g. training, documentation, Standard Operating Procedure [SOP], etc.).

Another thing to consider is varying the types and levels of communication to reach different types of employees at different stages and levels within the company. For instance, someone in the field may read and respond quicker to text messages, while someone stationed in an office may absorb information better through an email or an internal memo.

Lastly, ensure employees are engaged throughout the process, through regular updates, training sessions and support materials. This will bolster confidence and ensure a smooth transition.

## **What level of customization should organizations aim for in their payroll technology?**

When it comes to customization, it may be best to keep it simple and only cover the “Needs” instead of the “Wants” of your organization. The more complicated a new system gets, the more difficult it becomes to maintain it over time, which could incur unexpected time and expense not previously considered. Customization needs to be justified in order to warrant the added costs and efforts.

Consider customizations needed to address clauses in any Collective Bargaining Agreement (CBA) so compliance to those do not end up in an external Excel spreadsheet, for example. Making that modification would also ensure the stipulations of the CBA are always treated the same.

If customization is vital to company success, ensure aspects such as custom code is protected and won't be lost through a software upgrade by the vendor. When in doubt, communicate with your vendor and understand exactly what you're getting in to.

## **How do you ensure integration with existing HR and Finance systems?**

Prior to integrating with existing HR and finance systems, first determine if the newly proposed payroll system can integrate with the others; is the payroll system set up and designed to be integrated with other systems or is it meant as a standalone solution?

Secondly, prior to selecting a vendor for your new payroll system, run an analysis of all your integration points with other systems (third parties, government agencies, project systems, etc.) to ensure they will not be disrupted during the transition.

There is a difference between Integration and Interface, which should be noted:

- Integration: Designed on the same code platform and database.
- Interface: A passage of data back and forth between many databases.

It's important to note the frequency of the interfaces between databases, which determines how quickly the system refreshes and reflects current data (e.g. daily, hourly, instant). Some vendors and third-party systems do have the ability to test your interface(s) within the implementation phase. It is integral to include both the integration and interfaces into your testing plan before the go-live date.

## **What ongoing support and maintenance considerations should be factored into the decision-making process?**

Maintenance considerations will differ depending on if your system is on-premise, cloud-based or completely outsourced to another company. For an on-premise solution, more internal factors must be considered.

Internal considerations to include:

- Size of the team
- Skill set/training requirements
- Budget allocation for ongoing support and maintenance
- Documentation (e.g. guides, checklists, etc.)
- Impact on other projects

External considerations to include:

- Frequency of updates
- Maintenance commitment of the vendor (Are they still supporting this version?)
- Vendor support, including helpdesk assistance

## **How do you measure the success of a payroll technology change?**

Success will differ from company to company, however key factors are determined by why you implemented the change to begin with. Some questions to consider may include:

1. What triggered the need for the change?
2. Did the solution manage those initial needs?
3. Was the new system implemented on time and within budget?
4. Does the new solution save time, improve accuracy, comply with regulatory requirements?

## What are the most common pitfalls to avoid during a payroll technology transition?

The following is a list of potential pitfalls and how to avoid them during a payroll technology transition:

1. Inadequate requirements analysis before selecting a vendor.
  - a. Know what you need before shopping for a vendor.
  - b. The most robust system may not be right for you, choose what meets your requirements the most.
2. Scope creep.
  - a. Position a Project Manager to ensure accurate timeliness and buy-in from stakeholders, such as senior management.
  - b. Ensure you understand the ‘wants’ versus ‘needs’ of your organization and stick to what’s essential.
1. Improper governance.
  - a. Key players require a single point of contact for this project to run smoothly.
  - b. In the event of conflict and/or resource constraints, a proper governance model is key.
1. Inadequate testing.
  - a. Parallel testing is crucial to test both the payroll side of the system and the technology side.

## **How can organizations leverage automation and AI in their payroll processes?**

Automation and AI could prove invaluable to the payroll professional when implemented the correct way. However, these aspects may be limiting depending on the solution implemented, ask your vendor for more information.

With automation, the payroll professional could:

- Pre-populate schedules and shifts.
- Automatically create, pull and push reports.
- Automate calculations for business rules.
- Build calculations within the system functionality.
- Manage automated alerts, notifications, errors and warnings.
- Automate reminders to staff to complete actions.

While AI is a relatively new technology emerging in day-to-day business, for the payroll professional, it can be leveraged as a chat bot, handling incoming non-urgent requests requiring simple answers; a chat bot can be set up to forward urgent requests to a human.

## **What role does scalability play in selecting a new payroll technology solution?**

Scalability plays an essential role in selecting a new payroll technology solution and should be a priority for the payroll professional. Being pragmatic and looking ahead will save time and money in the long run by selecting a solution that fits your business needs. Every organization needs a payroll system that grows with them, based on user requirements and business demands. Scalability is a sliding scale and can also be critical when reducing the total workforce or re-evaluating current company needs.

## **How do you balance considerations with the need for advanced features and functionality?**

The key factor in determining which advanced features are required and how complicated the functionality needs to be rests on the needs of the business and how employees and employers work day-to-day. For example, if a company employs a wide breadth of age ranges, some employees may have a higher level of technological literacy than others; someone who uses a cell phone every day may be more comfortable with mobile apps versus someone who relies mostly on a computer for internet access.

Another thing to consider is the ‘needs’ versus the ‘wants’ of the organization. In order for a solution to be successful, it needs to straddle the line between cost and usefulness.

## **What are the emerging trends in payroll technology that organizations should be aware of?**

Payroll is ever evolving and changing. Much like how punch cards became an antiquated way of measuring attendance, so to will today’s payroll technologies become obsolete in the future. It is imperative that a payroll professional stay up to date with emerging trends in the industry.

Some emerging trends include:

- The use of automation and AI to simplify processes.
- On-demand payroll (also known as Earned Wage Access [EWA]).
- ePayroll, a new pilot project with the Canadian government. This is a newly proposed reporting system requirement where employers provide payroll data directly to the government each pay period, eliminating the need for T4s and ROEs.

## How can organizations leverage analytics and reporting capabilities in their new payroll system?

Payroll analytics can highlight the correlation between payroll elements, such as raises and bonuses, and employee retention rates. These insights enable organizations to develop more effective compensation packages and enhance employee engagement.

Analytics can also simplify the management of global payroll by providing consolidated reporting, identifying discrepancies and streamlining the handling of diverse currencies, exchange rates and international payroll schedules.

Alongside what's noted above, analytics and reporting can also:

- Improve audit trails and boost the transparency of the payroll process, demonstrating a commitment to compliance and thereby enhancing credibility.
- Provide real-time data and actionable insights to organizations so they can make informed decisions and make swift adjustments to their payroll process and financial strategies.
- Give perspective into the number of errors, payroll cycle times, etc.
- Determine total payroll costs, dividing them into sub-categories (total payroll cost by department, by region, average pay, etc.).
- Monitor and forecast overtime.
- Provide better employment metrics, such as turnover rate, absenteeism, labour costs, etc.
- Uphold compliance monitoring, such as working longer hours, unused personal time off, etc.



## **What are the key differences between on-premise and cloud-based payroll solutions?**

On-premise solutions:

- Require organizations to host and manage the software internally.
- Come with an associated cost: In-house server(s), software licenses, IT department, extra costs when requirements expand to meet the need of the business.
- Provide greater control over data and customization options.

Cloud-based solutions:

- Are hosted and managed by a vendor in the cloud.
- Are more scalable, accessible, provide automatic updates and reduce overall IT infrastructure costs.
- Run on an external server, not located on premise and are subscription-based pay models.

## **How can organizations ensure long-term sustainability and adaptability of their chosen payroll technology solution?**

Organizations can ensure long-term sustainability and adaptability of their payroll solutions by:

- Integrating payroll strategy with long-term objectives to stay relevant.
- Investing in scalable, flexible cloud-based systems.
- Prioritizing employee training, evaluating system performance, and user feedback regularly.
- Staying informed about industry trends and regulatory changes.
- Investing in robust data encryption, access controls, and regular security audits for compliance.
- Adopting payroll solutions with automation and AI features to minimize manual intervention.
- Choosing vendors aligned with organizational goals, offering exceptional customer service, and ensuring long-term viability.

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