



## **2025 Government Webinar Series**

### **Achieving Efficiency in Government Payroll Operations**

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# Learning Objectives

- **Optimizing Payroll Processes**
  - Best practices for improving payroll processes that meet the unique needs of government entities.
- **Automation for Efficiency**
  - How automation can reduce manual tasks, minimize errors, and speed up payroll processing.
- **Data Accuracy**
  - Strategies for ensuring payroll data is accurate and complete.
- **Clear Policies & Procedures**
  - How to develop clear and concise payroll policies that include overtime, leave, and operating procedures.
- **Innovations in Payroll Technology**
  - Exploring the role of AI, machine learning, and other emerging technologies in transforming government payroll operations.

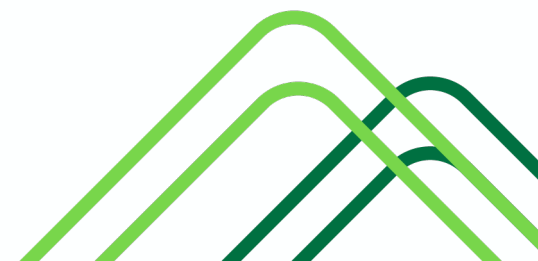
# Introduction

Payroll operations are critical to ensuring timely and accurate compensation for employees. However, governments experience additional complexity due to varying regulations, large numbers of employees, and numerous benefits/deductions.

Governments face many challenges such as manual processes, outdated systems, and compliance issues that can hinder efficiency in the payroll operations.

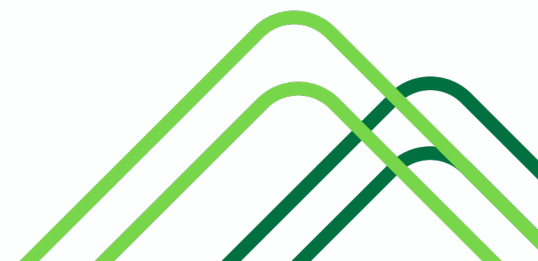
## **Why it Matters?**

Paying employees on time and accurately builds trust and reduces the risk of costly errors and legal issues.



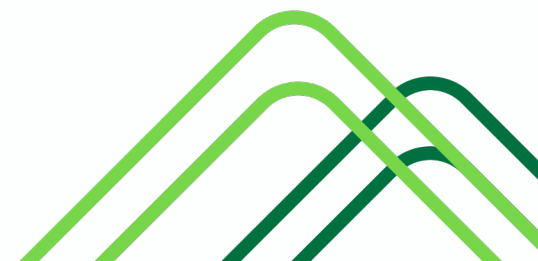
# Key Components of Payroll Operations

- Collecting Employee Data
- Calculating Wages
- Withholding Taxes
- Payroll Distribution
- Compliance
- Data Management
- Reporting
- Auditing
- Technology
- Employee Communication



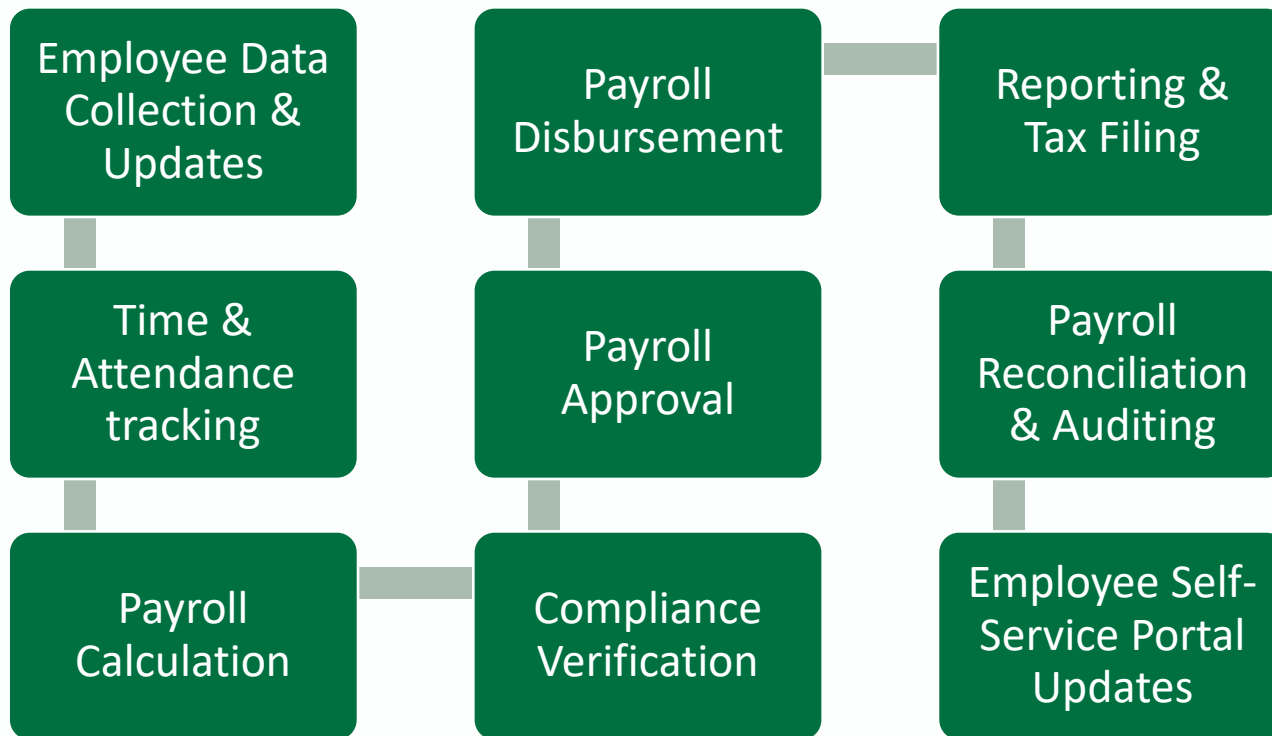
# Common Issues of Payroll Operations

- Unnecessary manpower to process payroll
- Failure to take advantage of available technology
- Poor communication between Finance, HR and departments
- Fail to follow written payroll policies and procedures
- Management is not aware of the problem(s)
- More manual workarounds



# Best Practices for Improving the Payroll Process

- Assess your current payroll process
  - Document and map the steps of your workflow
  - Identify manual tasks, frequent errors or rework, delays, pain points



# Best Practices for Improving the Payroll Process

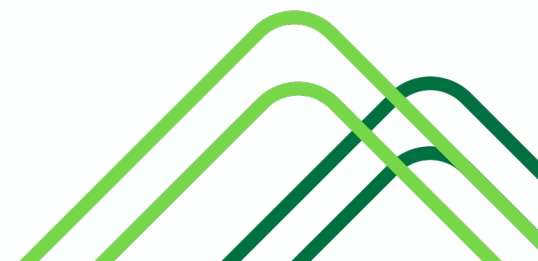
- Implement a robust governance framework
  - Standardize payroll policies and procedures
    - Consistency across departments
    - Implement payroll calendar, set reminders
  - Clear communication channels
- Train staff regularly on system use, policy changes, labor laws, tax updates, reporting tools
  - Cross-train staff for coverage and resilience
- Regularly reconcile payroll accounts
- Schedule regular internal/payroll audits
- Continuously reflect on what did and didn't work well each pay cycle

# Payroll Audits

An internal payroll audit is a self-conducted audit that reviews payroll records, tax filings, and employee classifications.

- Verify employee pay rates with contracts, legal requirements
- Cross-check timecards with payroll data
- Confirm that federal, state, and local tax deductions are correctly applied
- Ensure benefit contributions are accurate and properly allocated
- Review court-ordered deductions to ensure compliance

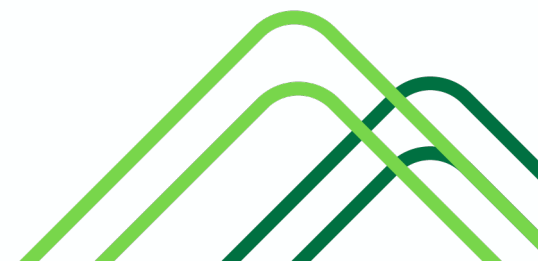
Conduct audits regularly (quarterly or biannually) to identify and resolve discrepancies.





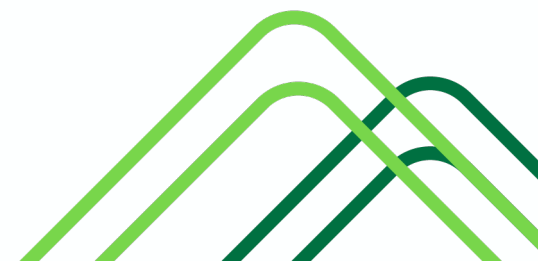
## Automation for Efficiency

- Implement or upgrade payroll technology
- Utilize a digital workflow for time entry and approvals
  - Automatic rules for breaks, shift differentials, overtime limits
- Timesheet validation
- Calculations (overtime, tax withholdings, benefits, and deductions)
- Upgrade legacy systems
- Work with IT to integrate current systems so that timekeeping, HR, Finance, and payroll systems talk to each other.
- Implement employee self-service portals



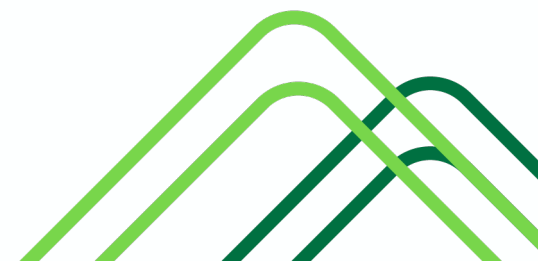
# Payroll Data Accuracy

- Common data errors exist in
  - Timekeeping
  - Employee details (benefit deductions, tax information)
  - Outdated payroll calculations
- Centralize payroll data
- Maintain detailed records of payroll transactions
  - Payroll Register
- Validate the accuracy of payroll data
  - Month-over-month payroll analysis
- Reduce duplicate data entry and mismatched records.



# Payroll Data Reporting

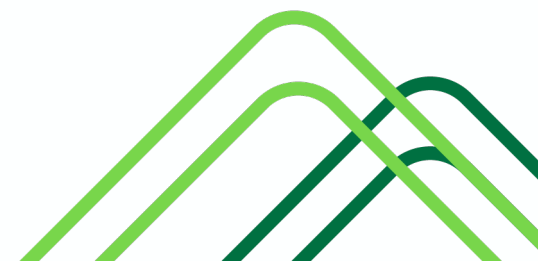
- Regularly analyze payroll data to detect anomalies or trends
- Use dashboards to monitor KPIs
  - Error rates
  - Processing times
  - Overtime usage
  - Budget to actual
  - Key is to measure useful information
- Protect sensitive data
  - Restrict access to payroll systems based on roles
  - Strong password policies, multi-factor authentication



# Payroll Policies and Procedures

Payroll Policy should include but not limited to:

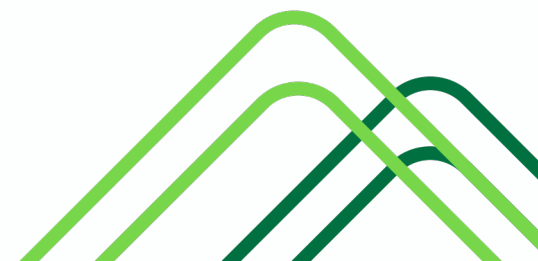
- Definition of payroll components
  - Timekeeping procedures
  - Leave request and approval
  - Employee Classification
  - Overtime, bonuses
- Define key performance measures
- Pay Schedule
  - Timecard submission deadline(s)
  - Define pay periods (weekly, bi-weekly, semi-monthly, monthly)
  - Federal Reserve and local banks closed days
  - IRS deadlines
- Payment Methods (checks vs. direct deposit)
- Payroll Deductions (Benefits, Tax withholding, Retirement)
- Payroll Approval Process



# Payroll Policies and Procedures

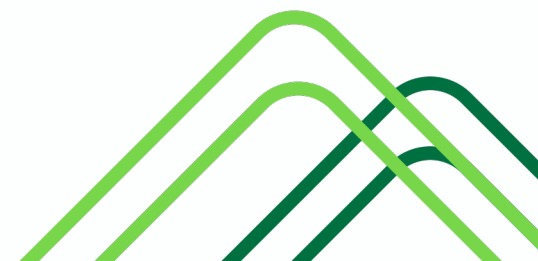
Payroll Procedures should include but not limited to:

- Data entry processes
- Payment processes
- Record keeping standards
- Calculation processes
- Pre-payroll preparations
- Post-payroll reporting process
- Communication of personnel changes
- How employees should report payroll issues
- How to handle payroll discrepancies
- Establish appropriate internal controls and responsibilities
- Regularly (at least annually) review and update payroll policies and procedures



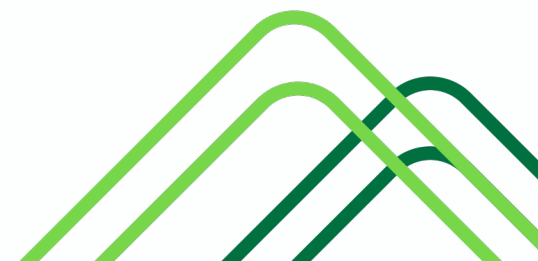
# Innovation in Payroll Technology

- Digital timekeeping, such as biometric scanners, facial recognition
- Integrations with other HR systems
  - Transfer time records to the payroll system
- Employee self-service portals
  - Ability to update personal info
  - Instant access to pay stubs, W-2 tax forms
  - Report benefit changes that impact payroll deductions
- Cloud-based payroll solutions
  - Real-time updates
  - Remote access – mobile payroll applications
  - Centralized data storage



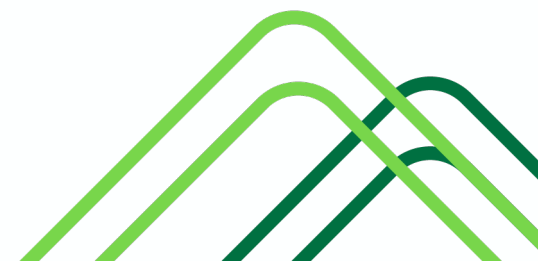
# Innovation in Payroll Technology

- Adjust payroll calculations for employees working in multiple jurisdictions with different pay and tax rates
- Algorithms automate repetitive tasks
- Trained to recognize unusual patterns
  - Unexpected payroll spikes, duplicate entries
- Predict payroll trends to help with budgeting, forecasting, and planning
  - When overtime will be needed based on patterns
  - Track labor costs by department, insight into staffing adjustments, and work schedule optimization



## Data Analytics to Consider

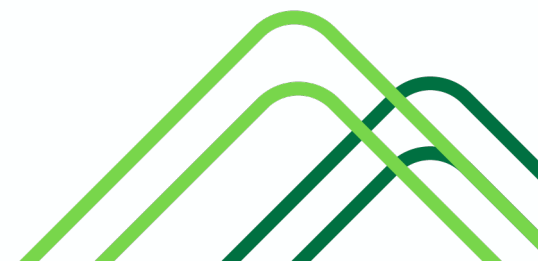
- Unauthorized Payments
  - Payments post-termination, duplicate payments
- Anomalous Deductions/Taxes
  - Unusually low deductions or tax withholdings within job classes
- Duplicate Information
  - Shared social security numbers, identical bank accounts
- Suspicious Employee Data
  - P.O. Box addresses, out-of-state residences without justification
- Overtime/Compensation Irregularities
  - Overtime exceeding 10% of total pay, base pay increases
- Ghost Employees
  - Non-existent employees on payroll





## Benefits of AI/Machine Learning

- Improve the accuracy of payroll
- Faster, less manual payroll processing
- Automated updates to stay compliant with regulatory changes
- Better employee experience
- Ensure workers are paid according to their correct classification
- Handle routine payroll inquiries, reducing the strain on HR and Finance departments



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