

Sage HRMS

sage

Automate time and attendance: Seven reasons it makes good sense



Table of contents

Introduction	3
Reliable accuracy	3
Improved regulatory compliance	4
Insight into true labor costs	5
Increased productivity for HR and payroll	5
Bottom-line savings	6
Decreased burden on HR and more empowered employees	7
Integration amplifies all benefits	7
Conclusion	8

Introduction

In any organization, employees are one of the biggest assets and one of the largest expenses. Your employees are an essential ingredient of your organization's success and the most important source of future innovation and growth. On the other hand, in most industries, labor costs are the largest category of total business expenditures. That's why keeping careful track of employee attendance and productivity can have such a big impact on the bottom line.

The two main reasons to install an automated time and attendance system in any organization are to increase the accuracy and reliability of attendance information. Inaccurate timekeeping can lead to costly regulatory compliance missteps, among other pitfalls. Without accurate and reliable time data captured from employees and passed to other parts of the human resource management system (HRMS) and payroll system, error-prone breakdowns are likely to occur. These can result in payroll errors, noncompliance, decreased employee morale, and turnover.

An appropriate time and attendance system that meets your organization's needs can help to eliminate and even prevent many, if not most, of the negative aspects of inaccurate and unreliable timekeeping. Maintaining accurate and reliable time and attendance information makes it easier to keep a handle on labor costs, increases the accuracy of payroll, and reduces administration in the human resources (HR) department, thus saving time.

This white paper outlines the top benefits of a time and attendance system and the positive effect automating your time and attendance process can have on your organization.

Reliable accuracy

Many organizations rely on a manual timekeeping process—usually consisting of paper timesheets and a pen or pencil. Employees record the time they arrive at work, or “clock in,” and also record when they leave, or “clock out.” In actuality, most employees fill in the time card at the end of the day, or worse, at the end of the week when it is due to be turned into HR.

Unfortunately, recording employees' time after the work day is over increases your organization's exposure to the likelihood of inaccurate time tracking. A manual process that relies heavily on the honor system can be abused, and inaccurate hours documented by employees can result in time theft. But even honest employees can make mistakes on timesheets, especially when they can't remember details days after the fact.

After timesheets or cards are approved by supervisors, they are turned into HR. Other opportunities for manual errors arise. Typically, an HR or payroll professional manually types the information into the HRMS and/or payroll system. Illegible handwriting can

cause errors, and it's easy to make data entry typos. When it's time to run payroll, even simple errors can lead to big problems; payroll corrections are often required after the pay period has ended.

There are a number of ways to reduce data inaccuracies and opportunities for time theft. Electronic data can be collected by employees' punching in or out over a secure web browser, from an electronic or biometric time clock, or even through a mobile device. The data collected is then transferred to the time and attendance system in real time.

Most systems allow supervisors to be alerted to early or late in/out punches as they happen. Alerts like these can afford an employer the opportunity to address workforce attendance issues early, before they become larger problems.

Improved regulatory compliance

While a time and attendance system cannot guarantee your organization's compliance with employment laws, the data collected and available through the system can help ensure you comply with labor regulations regarding proof of attendance. Being able to quickly obtain accurate records of employee hours worked and leave taken is more essential today than ever before.

Time and attendance management is one of the most important aspects of record-keeping compliance. Federal and state wage and hour laws require that employees be paid for every minute that they work, including overtime. Wage and hour actions are very common, and the fines and penalties can be costly. In addition to tracking work and overtime, your time and attendance records will also help you verify employee leave such as PTO and FMLA.

In addition to regulations about employee pay and leave, the Affordable Care Act (ACA) contains a "play or pay" provision. This employer mandate requires employers with at least 50 employees to provide health care coverage to employees or pay a fine for every full-time employee not covered. Full-time is defined as 30 hours per week or more, and companies must perform a number of intricate calculations based on hours worked for each employee in order to determine the full-time or part-time status.

Consistency in your timekeeping and the ability to quickly pull reports and review punch-by-punch employee time tracking data from your time and attendance system can be your best tools should your organization ever be audited by the U.S. Department of Labor, your state labor board, or in the case of the ACA, the IRS.

Insight into true labor costs

An automated time and attendance system improves information accuracy, and it also makes it much easier to run reports on the information. Without this ability, an organization will struggle to get a clear picture of labor costs. Understanding the health of your business by understanding its income and expense numbers is vital to success.

Gain insight into exactly how much overtime employees have worked . . . how much FMLA leave employees used . . . whether some departments or groups have higher rates of absence than normal . . . and other pressing questions. A deep understanding of your company's labor costs will help you to make sound workforce decisions and accurately project future labor costs if your company is in a growth mode.

Increased productivity for HR and payroll

It is not uncommon for organizations with a manual timekeeping process to spend upward of five hours running payroll. Five hours of the payroll manager's time each pay period adds up to a lot of direct expense. The amount of time required to run payroll can be drastically reduced with an automated time and attendance system.

With an entirely paper-based process, every payroll requires these manual steps:

1. Employees track their time on paper timecards or a punch clock.
2. An HR professional must collect all of the timecards.
3. HR must ensure that direct supervisors have approved all timecards.
4. HR must manually enter the handwritten information from the timecards into the HRMS or other system used to keep track of employee attendance and leave.
5. HR generates a report for payroll.
6. The payroll manager enters information into the payroll system or sends it to a payroll outsourcer.
7. The payroll is processed.

Automating the collection of time through data collection devices ensures time records are in an electronic format. This allows the transfer of that data to be automatically sent to your payroll solution for payroll processing. Once you've automated time and attendance with a system integrated to your payroll system, **the process looks like this:**

Sage HRMS

Automate time and attendance:

Seven reasons it makes good sense

1. Employees track their time using web browser-based timecards or timers activated by a simple click of the mouse. If time is not entered, the time and attendance system prompts employees to remind them.
2. At the end of a pay period, time and attendance information is routed to supervisors for approval.
3. Approved time information is available to HR and the payroll system—no data entry required.
4. The payroll manager processes payroll.

Automated time registration and collecting reduces or can eliminate the need for any manual reentry of timekeeping data into a payroll system when the two are integrated. The result is accurate payroll processing that can take as little as 20 minutes per pay period. That's an efficiency improvement of nearly 95%!

Reducing the time it takes to run payroll while also increasing the data accuracy by automating the transfer of timekeeping information can lead to increases in both productivity and cost savings. Saved productivity hours and the related personnel wages can be reallocated elsewhere once you eliminate some of the manual processes.

Bottom-line savings

An automated time and attendance system can provide both direct and indirect investment returns. Many organizations realize a return on investment (ROI) relatively quickly, often within the first year of implementing a time and attendance system.

Automating your time and attendance process results in ongoing cost savings, such as:

- A reduction in human-generated payroll errors.
- The elimination of time theft and overtime costs.
- Saved wages from increased productivity.

There are also indirect cost savings related to workforce management, including better insight into your employees' work, the time spent on their work, and the return on investment of their work. This information allows you to more appropriately and proportionately allocate labor across your workforce.

For example, if you have an employee constantly claiming overtime, you may decide to have a time management discussion with that person to determine whether he's using his work week wisely to complete his projects or just temporarily experiencing a surge of additional work warranting the overtime. Perhaps the answer to this question will present an opportunity to reallocate a project across multiple employees and redistribute the workload more efficiently. Either way, your time and attendance system can offer the insight you need to help you make effective business decisions that impact the bottom line.

Decreased burden on HR and more empowered employees

Keeping massive amounts of paper timesheets for each of your employees on file can be both time consuming and inefficient. Paper-based time and attendance becomes especially cumbersome when information is requested by managers or payroll personnel. The HR person managing the files of all of the active and inactive employees in the organization becomes a bottleneck to other departments. Ideally, access to time and attendance information should be shared securely across the organization.

Employee self-service (ESS) functionality is now a standard feature of most time and attendance and HR solutions. ESS provides an easy way for employees to enter their own time as they work it, empowering them to take ownership of their time and attendance data. Plus, with the ability to track accruals, like earned PTO, employees can access their PTO balances anytime, anywhere using the Internet. With ESS, information flows naturally to the HR team and payroll department as well as other parts of the organization, reducing bottlenecks.

Employees feel more empowered when they have access to their own information through technology like employee self-service. ESS delivers a sense of shared control between the employer and employee and makes for a better relationship that can positively affect a company's culture and contribute to higher levels of employee engagement.

Integration amplifies all benefits

There are inherent advantages to bringing together key elements of your time and attendance, human resources, and payroll systems. By integrating all parts of your workforce management with automated software technology, you reduce the number of times humans have to interact with the data and avoid the potential risk of human error.

Workforce management integration adds efficiency by easily and securely sharing data from one part of the organization to other parts without manual reentry of data and the associated errors that can result. By electronically and automatically transferring employment, time, and wage data per employee through technology solutions for each step in the punch-to-paycheck process (from timekeeping through payroll), you increase process efficiency, data accuracy, and cost savings exponentially beyond the benefits of just an automated time and attendance system alone.

Conclusion

Automated time collection reduces errors and improves efficiency. Time and attendance systems are also invaluable for ensuring compliance with labor regulations regarding proof of attendance, including wage and hour regulations and the ACA. Other benefits include: greater insight into labor costs, control over overtime expenses, increased productivity for the HR and payroll departments, more accurate employee timekeeping, elimination of time theft, and more.

Implementing an automated time and attendance software solution makes good sense for most organizations, because it will deliver many benefits at relatively low cost. The return on investment from an automated time and attendance system is rapid and measurable. Your return on investment and added productivity will be greatly strengthened by choosing a solution that integrates with your HRMS and payroll systems.

Sage is committed to supporting small and medium-sized companies by developing solutions that create greater freedom for them to succeed. For more than 30 years, we have been a leader in the development of human resource management systems (HRMS) software. Thousands of small and medium-sized businesses nationwide have implemented our popular Sage HRMS solutions.

For more information about our products and services, visit: [SageHRMS.com](https://www.sagehrms.com)

Sage

888 Executive Center Dr. W., Ste. 300
St. Petersburg, FL 33702

866-271-6050

SageHRMS.com

