

Human nature

For many organisations, HR services such as compensation, benefits and payroll are seen as necessary evils, yet according to consultancy Paris and Parks' Yvette Lamidey, they are the backbone of any business, being crucial to the effectiveness of the organisation's compliance.

Non-compliance in HR areas can be costly, taking up a disproportionate amount of time compared to getting it right first time, notwithstanding negative issues that may arise in the workforce and the potential unwelcome media attention.

This non-compliance can arise from inefficient processes, out-of-date or inadequate systems, untrained staff or out-of-date knowledge. Legislation is continuously changing, let alone guidance and interpretation by regulatory bodies.

If employees are paid incorrectly, this not only affects the bottom line in tangible costs but impacts productivity and employee engagement, incurring less tangible costs depending on the scale.

These human capital management (HCM) functions should not only be protecting the organisation but adding value in finding cheaper and better ways of managing the data, in delivering other benefits and services plus releasing valuable data contained within the systems.

Rarely do these functions have the spare resources to undertake vital reviews, and experience shows that the exploitation of the functionality of systems often falls short of the full range.

All too often there is a disconnect in the communication and full understanding of the role and capabilities between the three functions when in fact each function is interlinked and interdependent.

At project initiation, there should be wider thinking as to who the key stakeholders are and what the system capabilities are that have the potential to impact on the success and ease of delivery, as well as the cost and subsequent ROI. For instance, it's all well and good introducing a flexible benefits scheme, but what if the payroll system will struggle to cope with it or the payslips need to be redesigned?

An understanding of employment law isn't just the preserve of HR; legislative requirements impact on payments, expenses, benefits, in year and annual returns. Some legislative changes have also delivered benefits to large organisations – the technology allowing information from HMRC to be received electronically, for example.

Where payroll administration is outsourced, responsibility for compliance cannot be devolved to the provider, no matter how tempting that might be. To this end, organisations would be well advised to retain a knowledge base and ensure they are satisfied with processes used within the outsourcing company and review these regularly.

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Paris and Parks

Paris and Parks is an established HCM consultancy working with a range of organisations, predominantly in compliance, process and organisational review, systems procurement and implementation. Yvette Lamidey is director and founder and a former non-executive director and chair of the Institute of Payroll Professionals, where she worked closely with HMRC on a range of initiatives.



When debating the cost of resources to maintain robust processes and full system usage or the training budgets for HCM teams, employers should at least consider the cost of potential fines and penalties:

- if any of the end of year returns were just one day late
- of employing someone without the appropriate proof of eligibility to work in the UK
- of the overpayment of just 0.1% of the workforce, once a year.

With this in mind, businesses can't afford to ignore the real cost benefit in ensuring processes are up to date, systems are compliant and efficient, and staff are adequately trained. ■

Further information

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