

Questions to ask an outsourced payroll vendor



Outsourcing your payroll to a third-party provider can save your business time and money, but it's important to choose the right provider. Here are some key areas to investigate and questions you can ask to get the information you need to make an informed decision.

Expertise

Look for a provider that has experience in Australian payroll processing. Identify whether they have a history of working with organisations of similar size and complexity to your own. Ask:

- How long have you been in business?
- How many customers do you have and where are they located?
- How many customers have a similar business structures and challenges?
- Can I have the details of three potential referees whose business is like mine?



Compliance

Every payroll vendor must be conversant with payroll-related regulations, both locally and nationally, depending on your business structure. Ask:

- Are you a member of the Software Developers Committee Group?
- How do you remain abreast of legislative and compliance requirements?
- How are staff trained in compliance matters and how frequently?
- What accreditations does your organisation hold, e.g., ISO, ASEA, etc?

Technology and Capability

A good payroll provider should have modern technology to automate payroll processing and provide you with online access to your payroll data. This will save you time and ensure that your payroll is accurate. Ask:

- How long has your software been in operation?
- What limitations exist within your software? e.g, Number of records, real-time reporting, multiple-entities in a single database, ability to manage employees with multiple roles?
- Is your payroll delivered via the cloud? Does it offer a mobile app? Can it report on all data fields? Can I create my own reports on demand?
- What measures are in place to control access to my payroll data?
- Can you remit my payroll tax? Will you lodge my STP report?



Data Security

Nothing is more important than the protection of your payroll data. To make certain of this, ask:

- How is the payroll system designed to protect my data?
- How do you ensure you are dealing with an authorised representative of my company?
- What software exists to identify and mitigate for cyber attacks?
- What certifications do you hold around data security, e.g., ISO 27001?
- Is my data hosted in Australia and subject to its data sovereignty laws?

Service Agreements

It is essential that you maintain as much control as you wish to over the payroll function. You must clearly understand what each party will be expected to do. Ask:

- Do you offer a range of service packages for me to choose from?
- Do you have a “roles & responsibilities” document that explains the duties of each party?
- Do you have agreed turnaround times for processing, approvals, disbursements, etc?
- What are your hours of operation? What if I have an out-of-hours emergency?
- Do I have a dedicated contact in your organisation?



Disaster preparedness

Nobody wants to think about it, but your vendor must be ready for the unexpected, be it minor or very significant.

- Do you have another site that can process our payroll if yours becomes unavailable?
- Do you have a Disaster Response Plan (DRP) that we can see?
- Have you ever enacted your DRP?
- How did your business operate during the COVID lockdowns?

To evaluate an outsourced payroll vendor effectively, it is essential to take a structured and systematic approach. By considering the factors outlined above, you can ensure that you choose a provider that meets the specific needs and requirements of your business. Or you could just call Frontier Software for total peace of mind.