



Human Capital Management
& Payroll Software/Services

Questions to ask when choosing a payroll system

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Questions to ask a Payroll Vendor

Making the right decision when investing in a new payroll system is crucial for any organisation. This document equips you with a comprehensive set of questions to explore and evaluate potential solutions. By considering the various aspects covered in this guide, you can ensure that your chosen system seamlessly integrates with your existing workflows, meets all regulatory requirements, and empowers informed decision-making.

Users & Security

- How many employees will be using the new payroll system?
- What are the different user roles and access levels required within the system?
- Does the system offer multi-factor authentication and strong password policies?
- How does the system handle user permissions and access control?
- What features are available to ensure data security and user privacy?
- How are user accounts managed and protected in case of employee turnover?
- Does the system offer self-service functionalities for employees, such as accessing payslips or requesting leave?
- How does the system integrate with existing HR and employee management systems?

Data Security

- What data encryption methods are used by the payroll system to protect sensitive information such as Tax File Numbers, Social Security numbers, Bank account information and salary information during storage and transmission?
- How does the system control access to employee data to ensure that only authorized personnel can access and modify payroll data? Does it offer features that support strong authentication methods such as multi-factor authentication (MFA), role-based access control (RBAC), and user activity monitoring? How are user accounts and permissions managed and reviewed periodically?
- What backup and disaster recovery measures are in place to protect payroll data from loss or corruption due to system failures, cyber-attacks, or natural disasters? How frequently are backups performed, and how are they tested for integrity and recoverability?
- How does the vendor handle system vulnerabilities? Do they have a process for patching and updating the software regularly? How are users notified of security updates?
- Does the payroll system undergo regular security audits and comply with relevant industry standards and regulations, such as the Payment Card Industry Data Security Standard (PCI DSS), Privacy Act, or the General Data Protection Regulation (GDPR)?
- What security practices and measures does the payroll system vendor have in place to ensure the security of their product and the protection of customer data? Do they have a dedicated security team and a robust incident response plan in case of a data breach? How will they communicate with you and your employees if a breach occurs?

Compliance and Accuracy

- Does the system comply with all relevant Australian payroll and taxation regulations?
- How does the system handle updates to legislation and tax laws?
- Does the system offer automatic calculations for superannuation, PAYG withholdings, and other deductions?
- Does the system integrate with Single Touch Payroll (STP) reporting requirements?
- What error-checking and validation functionalities are built into the system?
- How are payroll errors identified, rectified, and documented within the system?
- What audit trails are available to track changes and user activity within the system?
- Does the vendor provide support and training to help you configure and use the system in compliance with relevant regulations?

Data Management

- Where will the payroll data be stored (on-premise, cloud-based)?
- What data security measures does the vendor implement to protect data privacy and security?
- Does the system offer data encryption at rest and in transit?
- How are data backups and disaster recovery procedures managed by the vendor?
- Does the system comply with Australian privacy laws and data ownership regulations (e.g., GDPR)?
- What options are available for data migration from your existing system?
- What level of control does your organisation have over data access, export, and retention policies?
- Does the system offer functionalities for anonymising or deleting employee data upon request?

Insights & Reporting

- What types of reports are available within the system (e.g., payroll summaries, leave reports, tax reports)?
- Can reports be customised to meet your organisation's specific needs?
- Does the system offer real-time or on-demand access to reports and data?
- Can reports be exported in various formats (e.g., PDF, CSV)?
- Does the system offer dashboards or visualisation tools for data analysis?
- Can reports be easily shared with relevant stakeholders within your organisation?
- Does the system integrate with business intelligence tools for further analysis?

- How can the system be used to gain insights into employee costs, workload patterns, and other payroll-related data?

Controls and Audit

- Does the system offer internal controls to prevent errors and fraud (e.g., user access restrictions, segregation of duties)?
- What audit trails are available to track system activity and data changes?
- Does the system provide tools for reconciliation and verification of payroll data?
- How does the system integrate with existing internal audit and control processes?
- Does the vendor offer compliance audits or certifications (e.g., ISO, ASAE, SOC 2)?
- What disaster recovery and business continuity plans are in place to ensure system uptime and data integrity?
- What level of support does the vendor offer for troubleshooting and resolving system issues?
- Does the vendor provide ongoing training and resources for system administrators and auditors?

Accessibility

- Does the system grant users 24/7 access from anywhere with an internet connection, allowing them to manage payroll-related tasks like accessing payslips, updating personal information, and requesting leave, at their convenience?
- Is the system accessible through a mobile app or mobile-friendly interface?
- Does the system offer any offline functionality, even if limited, enabling users to access essential information or perform specific tasks even without an internet connection?
- Does the system allow users to personalize their dashboard to prioritize the information and features they use most frequently?
- Is the user interface of the system simple, intuitive, and user-friendly, minimizing the need for extensive training?
- Does the system offer various login options, such as passwords, multi-factor authentication, or single sign-on?
- Does the vendor strive to achieve high levels of system uptime and performance to minimise downtime and optimise uninterrupted access? Does the system integrate accessibility features like screen reader compatibility, keyboard navigation, and alternative text descriptions to ensure all users, including those with disabilities, can access and manage their payroll information effectively?

“Commitment to customer service is our number one priority.”

Michael Howard, Founder