



Human Capital Management
& Payroll Software/Services

End of Financial Year: Managing the Payroll Pressure Cooker

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It's almost the end of the financial year (EOFY) in Australia, and payroll teams are preparing for the annual rush. Meeting tight ATO deadlines, navigating complex legislation changes, and ensuring flawless year-end processing create a high-pressure environment.

This year, the pressure is even greater. The 2024 Australian Payroll Association (APA) survey reveals some sobering statistics:

- 1 in 3 payroll professionals plan to change jobs next year. This high turnover rate signifies a workforce under significant strain.
- Nearly half (44.4%) of respondents lack access to payroll support organisations. This means they are missing out on valuable resources and expertise during a critical time.
- Many payroll teams spend an average of 11.9 hours per week on manual tasks. This inefficiency eats away at valuable time that could be spent on strategic initiatives.

These challenges create a perfect storm for payroll departments. According to a study by the Organisation for Economic Co-operation and Development (OECD), stress-related absences are a growing concern in the workplace, costing businesses billions of dollars annually. Payroll teams, facing a confluence of EOFY demands, are particularly vulnerable.

This article explores payroll professionals' specific challenges during EOFY and offers practical strategies organisations can implement to support their mental wellbeing and foster a more resilient team.

The EOFY Grind: A Mental Health Challenge

As we approach the annual financial year-end (EOFY), payroll departments are bracing for increased pressure and demand. In addition to the usual workload, a combination of factors contributes to a highly stressful environment for payroll professionals. This unique set of challenges during the EOFY can leave payroll teams especially vulnerable.



The Crushing Weight of Responsibility: The accuracy and timeliness of payroll processing directly impacts employee morale and financial security. A single mistake can have serious consequences, causing delays in receiving wages, impacting tax obligations, or even leading to penalties for the business. This immense weight of responsibility can be a significant source of anxiety for payroll professionals, with the knowledge that even minor errors can have significant repercussions.

Keeping Pace with Change: The regulatory landscape surrounding payroll is constantly evolving. Changes to tax rates, superannuation contribution rates, and award entitlements come into effect on July 1st, requiring payroll teams to stay current on the latest legislative requirements. This necessitates ongoing learning and adaptation, adding another layer of complexity to an already demanding period.

Battling Technology Frustrations: Outdated or inadequate payroll technology can create significant roadblocks for payroll teams during EOFY. Manual data entry, time-consuming calculations, and a lack of automation can lead to inefficiencies and frustration. Imagine the stress of wrestling with clunky software while simultaneously meeting tight deadlines and ensuring accuracy. Modern, user-friendly payroll systems can significantly streamline processes and reduce the mental strain on payroll professionals.

Feeling Isolated and Undervalued: Payroll teams often work behind the scenes, feeling disconnected from the broader organisation. Their critical role in ensuring the smooth functioning of the business can sometimes go unrecognised. This lack of recognition can contribute to feelings of isolation and a diminished sense of value, further impacting their mental wellbeing.

The Danger of Errors: Payroll mistakes can be costly, both financially and legally. The pressure to avoid errors, particularly during the high-stakes EOFY period, can be immense. This fear of making a mistake can be a significant source of stress and anxiety for payroll professionals.

These combined factors create a challenging and often overwhelming environment for payroll teams during EOFY. By understanding these pressures and their impact on mental wellbeing, organisations can proactively create a more supportive work environment and help their payroll teams navigate this demanding period more resiliently. These combined factors can create a perfect storm for mental health issues such as anxiety, burnout, and even depression.

The EOFY Scramble: Prepping Your Payroll System - Adding to the Grind

Along with the relentless demands of the EOFY grind, payroll teams are also shouldering the burden of prepping their payroll systems for the new fiscal year. These essential yet time-consuming activities add another layer of stress to an already demanding period:

System Updates: Payroll software providers typically release updates near EOFY to accommodate changes in tax rates, superannuation contribution rates, and award entitlements. Implementing these updates requires careful testing to ensure accurate processing in the new financial year.

Year-End Finalisation: Payroll teams must finalise payroll data for the outgoing fiscal year, including reconciling year-to-date figures, generating employee payment summaries, and reporting this information to the Australian Taxation Office (ATO) through Single Touch Payroll (STP). Missing deadlines or inaccuracies in reporting can result in penalties from the ATO, adding further pressure.

New Tax Rates and Entitlements: Payroll teams need to update the payroll system to reflect the latest tax rates, superannuation contribution rates, and award entitlements that come into effect on July 1st. Even minor errors in this process can lead to the significant issue of incorrect payment to staff, placing additional stress on the payroll team.

These tasks, in addition to their regular responsibilities, create significant pressure for payroll teams during EOFY. Organisations must understand these challenges and provide support and resources to help payroll teams navigate this demanding period effectively.

Building Resilience: Supporting Your Payroll Team's Mental Wellbeing

Organisations have a responsibility to create a supportive work environment that prioritises the mental wellbeing of their payroll teams. Here are some proactive steps you can take:

Open Communication and Empathy: Foster open communication channels between payroll and management. Leaders should actively listen to the challenges their payroll teams face and demonstrate empathy for the pressures they experience during EOFY.



Workload Management: Conduct a realistic workload assessment during EOFY. To alleviate pressure, consider implementing flexible work arrangements, delegating tasks where possible, or hiring temporary staff.

Invest in Technology: Modern, user-friendly payroll systems can streamline processes, improve accuracy, and reduce manual workload. This frees up valuable time for payroll professionals and reduces frustration.

Prioritise Training and Development: Provide ongoing training opportunities to ensure your team has the latest knowledge and skills to navigate payroll and EOFY processing complexities. This empowers them and fosters a sense of mastery.

Promote Work-Life Balance: Encourage healthy work-life boundaries during EOFY. Offer flexible working hours, breaks, and paid time off to help employees manage stress and recharge.

Celebrate Achievements: Recognise and celebrate your payroll team's hard work and dedication. Acknowledge their contribution to the organisation's financial health and stability. A simple "thank you" can go a long way.

Promote a Culture of Wellbeing: Develop a culture that prioritises mental health throughout the year. Consider offering access to Employee Assistance Programs (EAPs) or mindfulness training resources to equip your team with tools for managing stress.

Checklist for Supporting Payroll Team Wellbeing During EOFY

Communication and Planning:	<ul style="list-style-type: none"> • Conduct a team meeting to discuss workload, identify potential challenges, and brainstorm solutions collaboratively. • Develop a clear and realistic timeline for EOFY tasks, outlining deadlines and assigning ownership for each activity. • Communicate deadlines and expectations clearly to all stakeholders, including other departments and management
Workload Management:	<ul style="list-style-type: none"> • Prioritise tasks and identify bottlenecks that may cause delays. • Consider delegating non-critical tasks to other team members or hiring temporary staff during peak periods. • Encourage flexible work arrangements, allowing team members to adjust their schedules and manage workloads more effectively.
Technology and Resources:	<ul style="list-style-type: none"> • Ensure all payroll software updates are downloaded, installed, and tested thoroughly before the new financial year begins. • Provide access to relevant resources and reference materials to assist the team with EOFY processing tasks. • Invest in user-friendly payroll technology that minimises manual work and streamlines processes.
Mental Wellbeing and Support:	<ul style="list-style-type: none"> • Encourage open communication about stress and workload concerns. • Promote healthy work-life balance by offering flexible working hours and breaks throughout the day. • Recognise and celebrate achievements, highlighting the team's contribution to a smooth EOFY process. • Consider offering access to Employee Assistance Programs (EAPs) or mindfulness training resources to equip the team with stress management tools.
Post-EOFY Recovery:	<ul style="list-style-type: none"> • Schedule a team debrief after EOFY to discuss successes, challenges, and areas for improvement. • Encourage team members to take time off to rest and recharge after the busy period. • Consider offering team-building activities to foster collaboration and morale.

Conclusion

The End of Financial Year (EOFY) is a crucial period for businesses, but it can also be a time of immense stress for payroll teams. Workloads increase significantly, and tight deadlines can create a pressure cooker environment.

In this article, we argued that prioritising the wellbeing of payroll teams throughout EOFY is beneficial for employee morale and essential for ensuring accuracy and efficiency in processing payroll. By implementing flexible work arrangements, clear communication plans, and offering recognition and support, businesses can empower their payroll teams to navigate EOFY smoothly and successfully. Remember, a happy and healthy payroll team is essential for a successful EOFY.

References

- Organisation for Economic Co-operation and Development (OECD). (2020). Sickness absence rates: Average across OECD countries. <https://stats.oecd.org/index.aspx?queryid=30123> APA Payroll Survey 2024

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