

# Accounting Technology<sup>®</sup>

## SOFTWARE REVIEW

# Payroll Thrives on the Internet

Dot-coms may have burst, online payroll processing is alive and well.

By Barry Knaster

One of the most surprising aspects of the dot-com bubble burst is the survival of Web-based payroll processing. Ever increasing in popularity, there are an abundance of Internet-based service providers that market a range of payroll solutions to small and medium-size businesses.

One reason for this popularity surge may be the comfort (trust) factor. In the early days—when traditional service bureaus were the modus operandi—accounting firms and clients alike appreciated the safety and convenience of outsourcing payroll processing and avoiding the liability for federal and state tax collections. Trust in these providers mounted, until outsourced payroll became the preferred approach for many businesses.

Web-based providers capitalize on this comfort level, but also provide convenience, offering the same services as traditional service bureaus, but utilizing the Internet. They offer anytime, anywhere access to payroll information, surpassing the advantages of traditional providers and even office-based systems.

Indeed, the five most emphasized attributes of Web-based payroll providers—flexibility, freedom, control, accessibility, and security—are not all available with most conventional offerings. Flexibility allows you to maintain online all the data necessary to manage your payroll and choose between different set-up and processing options and methods of payment,



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from direct deposit to debit card. Prior set-up options can be changed in a matter of minutes.

Freedom allows authorized users (control) log-in capability anytime day or night and eliminates scheduling and data-entry timing issues. Users are given different levels of access depending upon their job responsibilities.

Security involves password protection, data encryption, firewalls, and automatic input confirmation to ensure that only authorized personnel can access your company's payroll information. Notification by email occurs anytime payroll modifications take place and automatic log-out prevents

unauthorized users from accessing the information when you are not around.

Web-based solutions typically require little, if any, software installation or hardware investment, and minimize initial set-up and configuration activities. In fact, with most products it is possible to enter employee information and process your first payroll within an hour.

Once enrolled you simply log-on with pre-approved security information and enter employee name and address information, pay rates and frequency, and tax status, deductions and benefits. Next, you choose from processing methods that may include individual timesheet entry or multiple employee entry. You then review, edit, and approve the payroll calculations, submit the payroll for processing, and view or print the pay period reports.

Checks are automatically printed and direct deposit accounts updated. Federal and state tax reports are prepared, reconciled, and forwarded to the appropriate agencies. Emails are sent updating payroll administrators on the completion of these tasks.

This simplicity in set-up and processing has its drawbacks. Most products reviewed lack the features, functionality, customization, and reporting capabilities of traditional office-based products, which have evolved over the years to meet the needs of companies with several hundred employees. These limitations are the primary reason some Internet-based providers target their products towards companies with fewer than 100 employees. The few capable of meeting the needs of larger organizations offer more sophisticated set-up and reporting choices than the rest of the pack.

Web-based payroll is not foolproof. More than once, when trying to log-in, I received the message "Online Payroll is currently unavailable due to daily system maintenance. Please check for service availability at a later time." Backup plans still need to be in place. But overall, access to data and processing reliability was quite impressive.

The products reviewed offer online demos and test companies for practice. Peruse them carefully to get a feel for navigational intuitiveness. Some even offer free trial versions to try for a month. Areas of differentiation among the different products are few, but include a variety of payroll processing methods, the number of available reports, and import-export capabilities. Custom screens and reports are also more common than they were a year ago.

The trend is clear: Web-based payroll adoption shows no signs of slowing and may soon overtake office-based systems. Your company will need to decide if the convenience of Web-based payroll outweighs the more robust features and reports found in traditional packages. As Web-based products continue to increase in popularity and acceptability, they will bridge the features and functionality gap, further blurring the distinction between Web and office-based payroll solutions.

### **SurePayroll**

SurePayroll is impressive from the moment you log-in. The simple-to-navigate interface displays multiple tabs that offer access to its features. These include the Account Center, Payroll, Reports, Employees, and Company. The Account Center display includes the status of the


upcoming payroll and memos reference what next actions to take.

The Employees tab allows you to add or delete employees, update deduction, direct deposit, and W-4 information, and change pay rates and pay status. Additional information is tracked for accruals of vacation, sick, and personal time. You can set up wages to allocate among multiple departments.

Processing payroll is simple; you check a box next to each employee's name for inclusion in the next pay run. Hourly and salary employees are separated to simplify browsing. Payroll data defaults to the previous pay period or you can manually enter hours, overtime, pay amounts, and one-time deductions. Drilling down on the employee's name allows access to extra pay fields, benefits accruals, and departmental distribution of pay.

The payroll preview screen provides employee gross-to-net pay information for approval prior to processing. Also listed are employer taxes and tax deposit cash requirement information. When processing is complete, employees are notified via email and can access current or prior pay information. The employer can also print checks locally.

Employer reports are few and include payroll summary, department, and benefit information. Neither import nor export functionality is available.

Especially nice are SurePayroll's self-service aspects to give employees direct access to pay information. Its simplicity in set-up and processing will impress smaller organizations with basic payroll requirements. 

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