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Randy Johnston • Feb. 06, 2015



Column: From the Trenches – February 2015

Accountants in public practice have traditionally referred payroll to major providers such as ADP, Ceridian and Paychex because of the complexities, risk and deadlines involved in processing. With additional requirements for small business with the Affordable Care Act, there are even more concerns about being able to process medium sized payrolls without penalty.

However, the last 10-15 years has seen a notable shift back to CPA firms and in-house payroll processing for several reasons including: easier to use software, electronic

interfaces including ACH deposits, recurring revenue stream along with increased

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you, it still will be.

Should payroll, and the supporting services, become a viable part of your practice? Do you intend to grow beyond payroll? Is payroll and other related services needed to support your practice and clients? The key questions to ask include:

- Can payroll be a core competency?
- How confidential is the information?
- Is there an employee benefit/401K program?
- Are there many unbanked employees in client firms? If so is there an easy way to handle this such as a refillable debit card?
- Is Human Resources processing needed?
- Do I have the internal resources?
- How difficult is the payroll system to use?
- If you are in public practice, you may want to ask a few specific questions:
 - Do I intend to sell the practice soon? Payroll services increase the value of practices
 - Can I have the work done by staff and administrative people that can be supervised by an accounting professional? Using staff reduces cost and leverages partner resources.
 - Would payroll supplement a collaborative accounting practice? Remember that having three or more services helps tie clients to your firm more tightly.
 - Are there additional services that the firm can offer such as human resource management, recruitment or 401K programs through our wealth management arm? Getting into payroll only won't be as profitable as having a larger vision for your firm and clients.

There are a number of providers of payroll tools and services:

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- Payroll Relief – [AccountantsWorld](#)

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In-House

- 1099 Etc A-T-F Payroll – [AMS Payroll](#)
- Sage HRMS Payroll (formerly Abra) – [Sage](#)
- CYMA Payroll & Human Resources – [CYMA](#)
- Accounting CS Payroll (formerly Payroll CS) – [Thomson Reuters](#)
- Sage 50 (formerly Peachtree Accounting) – [Sage](#)
- Payroll for Windows – [CheckMark Software](#)
- QuickBooks Enhanced Payroll – [Intuit](#)
- CenterPoint Payroll – [Red Wing Software](#)
- CyberPay – [AdaptaSoft](#)
- Payroll modules from accounting products such as Microsoft Dynamics, Open Systems TRAVERSE, etc.

Service Bureau Options

- myPay Solutions – [Thomson Reuters](#)

This short list is only a portion of the viable payroll offerings in the market today. As you perform your analysis, look at the costs per employee per pay period and determine if a flat rate billing to the client is possible. Further, determine who can use a payroll service in your existing client base. You should be able to gain economies of scale once you have at least ten clients using your payroll services.

You will have greater safety when your payroll volumes are high enough you can have two or more staff running payroll as part of their daily work. Consider additional services that you can offer over time or that you have the ability to offer today.

Better Client Results

A key strategic goal for many firms is profitability to the partners while providing

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the client, and to be close to them on something that is near and dear to them: the flow of money out of the business to pay employees.

If your firm can be instrumental in making this easy while maintaining appropriate internal controls, you reduce one of the key risk areas in any business. And you gain the benefit of a closer relationship with your clients while making a recurring, level revenue stream. You help the business owner, their employees and your firm. In the business world, that is called a win-win-win. Is payroll an easy choice for you?

Payroll • Payroll Software

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