

Sage Time

The Sage logo, consisting of the word "sage" in a lowercase, green, sans-serif font.

Time is of the essence

Automate time and attendance to reduce compliance risk, get the most out of every labor dollar paid, avoid fraud, and boost productivity



Table of contents

What is a time and attendance tracking system?	3
How does time and attendance tracking increase efficiency and productivity?	3
Emerging technologies could enhance time and attendance tracking	4
How does time and attendance tracking save businesses money?	4
How does automating time and attendance improve compliance?	5
A hidden benefit of implementing automated time and attendance software	6
Is time and attendance tracking technology easy to use?	6
How does this affect employees?	6
Conclusion	7

Sage Time

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A company's biggest expense is also its greatest asset: employees. Investing time, money, and resources into employee management is necessary to build a successful business where workers can thrive. Employees are the foundation, fuel, and future of an organization, and keeping track of how and where they spend company time can give HR and payroll departments greater insight into developing better management methods and support for their workers.

An automated time and attendance tracking software platform can help HR and payroll professionals improve payroll accuracy, save money, boost morale, and become more efficient overall.

In this white paper, we'll explore these benefits and more, along with the future of automated time and attendance and its effect on employees.

What is a time and attendance tracking system?

An automated time and attendance tracking system logs and analyzes employee work hours mechanically. Aside from assisting businesses to remain compliant with state and federal regulations, automated time and attendance tracking software captures the number of sick, vacation, and paid time off days each employee takes per year and provides HR and payroll professionals with tools that monitor and facilitate payroll. This type of software can also ensure benefit deductions are accurate, checks or deposits arrive on time, and overtime expenses are handled according to company policy.

Most time and attendance tracking systems provide HR and payroll departments with both automatic punch clock capabilities and manual input options. Depending on the size of the organization and the scope of the HR resources needed, automated time and attendance management software can be tailored to meet specific needs, ensuring businesses get the most out of every dollar spent on labor.

How does time and attendance tracking increase efficiency and productivity?

One of the fundamental features of a time and attendance management system is its ability to dramatically reduce the amount of time needed to perform routine tasks. Rather than asking HR or payroll staff to manually enter data submitted by employees, which would mean not only creating new spreadsheets every pay period but also taking up hours inputting numbers, time and attendance software automates that step. Many platforms have features that clock employees in as soon as they turn on their computers in the morning, while other systems may use magnetic card readers or mobile integration to effectively track when an employee begins working on certain premises. This feature is especially helpful for corporations with multiple office branches or locations in different time zones.

Payroll professionals often use up to five hours or more at the end of a pay period to run payroll. An automated system can complete the same task in just a few minutes, freeing the team to tackle the many other duties required of them throughout the office without neglecting the urgency of finalizing payroll. For businesses with smaller HR or payroll departments, manual processes can bog these professionals down with copious amounts of paperwork for each employee. Plus, filing cabinets full of documents present cumbersome and time-consuming piles to sift through. Should a manager or payroll employee need to access another worker's records, automated systems make accessing information almost instantaneous.

It's this immediacy that appeals most to HR and payroll professionals. Waiting for overdue time and attendance information to come from employees has the potential to delay HR and payroll processes and make these departments less efficient than it could be. A manual system that requires either employees or HR and payroll personnel to input hours worked may get held up by certain personnel who routinely fail to deliver their records on time. A reliable, automated software platform can administer warnings and reminders to ensure all employees report their information on time or simply track time and attendance itself in real time so they don't have to remember to send in data.

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Emerging technologies could enhance time and attendance tracking

New technologies are also emerging that allow people to better track where clients, customers, and employees are at any given time. For instance, geofencing is a practice that involves establishing virtual perimeters around a specific geographical area. [Digital Monitoring Products](#),¹ a company that designs and manufactures state-of-the-art electronic security products, noted geofencing can be used to determine when people enter and exit buildings. While most often used for marketing teams to track customer behavior and offer targeted coupons when consumers enter certain stores, employers could use the technology to automatically log employees on or off through the employees' mobile devices as they start or finish their work days.

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How does time and attendance tracking save businesses money?

There are many aspects of an automated time and attendance tracking platform that save businesses money in the short and long term. Simply put, more accurate, well-managed, and streamlined HR and payroll processes eliminate excess spending on employee activity. Here are two prime examples of activities that could save a business's finances:

1. Decreasing employee theft

Employee theft is a serious crime that affects businesses around the country in all sectors. A [Kessler International](#)² survey revealed nearly 80 percent of employees participated in time theft, which Kessler defined as spending work hours on personal tasks. One type of time theft that many workers participate in, though they may not recognize it as such, is claiming to have worked longer hours than were actually worked. Employees accomplish this by either blatantly reporting different hours or inadvertently miscalculating how much time was spent in the office or on a project over the course of a particular day. These unintentional inaccuracies often occur for employees who forget to turn in time and attendance data punctually.

[Nucleus Research](#)³ also found the practice of buddy punching, which involves employees' helping each other clock in or out at specific times, makes up 2.2 percent of gross payroll losses. Automated time and attendance trackers dramatically decrease the level of time theft occurring at a place of business, as it eliminates opportunities for employees to manually enter this information.

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Unfortunately, cases of fraudulent activity exist in companies all around the world. The Association of Certified Fraud Examiners⁴ noted on average, a business loses 5 percent of revenue to fraud annually. Median loss related to fraud cost a company \$140,000, and in 20 percent of those cases studied, the damage to a business's financial standing was \$1 million or more. While unacceptable, even the most upstanding individuals may exhibit this behavior, especially in areas where blurring the lines between right and wrong is easily accomplished and largely unnoticeable. Automated time and attendance tracking can help HR and payroll catch certain instances of employee fraud or time theft quickly and stop perpetrators before they cause greater damage.

¹ <https://dmp.com/geofence>

² <https://investigation.com/2013/04/26/employee-theft-longer-now-much/>

³ http://docs.media.bitpipe.com/io_10x/io_102267/item_465972/whitepaper_41613523961.pdf

⁴ http://www.acfe.com/uploadedFiles/ACFE_Website/Content/rtrn/2012-report-to-nations.pdf

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With features like employee scheduling, HR and payroll can also develop specific schedules and tasks unique to each employee's calendar, making monitoring the number of hours spent on certain client projects easy and intuitive. Overtime alerts can be used to notify supervisors when an employee is working too many hours or an unapproved amount of time.

2. Eliminating payroll errors

Redundancy and inaccuracy are other common issues HR and payroll face when tracking employee hours. Any system requiring a single person or team of people to manually input time and attendance data for all employees into spreadsheets every week or two will inevitably result in some inaccuracies due to human error. Automating the attendance tracking process, including the number of vacation, holiday, and sick days an employee takes, solves a majority of these discrepancies almost immediately.

Frontline Technologies⁵, an education software provider, noted hourly workers aren't the only ones affected by inaccurate timesheets. Salaried workers still need to be monitored to ensure they work the correct number of hours on assigned projects, as corporations often have to bill clients by the hour. Many businesses also either aim to comply with federal regulations regarding overtime pay or have established their own policies for employees working beyond the traditional 40 hours per week. There are typically alternative pay structures for employees eligible for logging overtime hours worked, which have the potential to complicate calculating payroll and attendance for HR. Automated time and attendance tracking can recognize when a worker exceeds 40-hour workweeks and automatically begin logging any additional hours worked as overtime, applying the correct pay scale to those hours.

Nucleus Research found on average, businesses pay employees 1.2 percent more than they should simply due to human error. This means for every \$10 million administered in payroll, \$120,000 is overpaid. Time and attendance systems have been found to decrease these wasted funds by 95 percent if administered and used correctly.

How does automating time and attendance improve compliance?

There are a myriad of governmental guidelines and regulations, such as the Family and Medical Leave Act ("FMLA"),⁶ to which employers must adhere. The increasingly complicated Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA")⁷ can also give even the most organized HR department difficulty if not monitored regularly and accurately.

Under the FMLA, employees are entitled to 12 unpaid workweeks of leave for specified circumstances within a 12-month period, and employers are required to notify employees requesting FMLA leave whether their request is approved within five business days. During their leave, employees are still covered by group health insurance offered by their employers. HR needs to be able to look up extensive employee records quickly to maintain compliance here.

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⁵ http://www.frontline12.com/Pages/Blog/The_5_Myths_of_Time_and_Attendance.html

⁶ <http://www.dol.gov/whd/fmla/>

⁷ <http://www.dol.gov/ebsa/newsroom/fscobra.htm>

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COBRA mandates employers continue offering employees and their family members health coverage after employees are let go or voluntarily exit their role at a company. There are certain policies in place defining coverage options for a wide variety of life events. Compliance with these guidelines is required under federal law, and businesses that fail to provide adequate coverage for employees taking time off could face fines or penalties.

A hidden benefit of implementing automated time and attendance software

Another advantage is the positive effect time and attendance tracking software has on the environment. These platforms can eliminate the amount of paper products used each pay period, drastically reducing overhead costs and increasing efficiency, as all actions can take place electronically.

Is time and attendance tracking technology easy to use?

Time and attendance tracking doesn't have to be daunting or scary. It's actually a streamlined system that seamlessly integrates with many previously installed payroll systems used by HR and payroll departments. In addition, the best platforms allow users to customize their management options, making sure each business has exactly what it needs to grow and evolve.

Typically, the bridge between reporting time and attendance and payroll processing involves a series of actions, including recalling hours worked on particular clients over several days, estimating the time spent at certain meetings, gaining approval from managers, turning in timecards electronically or manually and then the HR or payroll department's processing payroll. Automated time and attendance software seamlessly integrates with payroll modules to ensure efficient practices, reducing the number of steps taken.

In addition, most companies are given options as to which import and export options they'd like. HR and payroll professionals can build templates to make inputting data a much faster process. With a familiar template and routine criteria questions, it's easy to get used to a new platform and turn it into second nature. Plus, there are reporting templates that standardize required information in an easy-to-use format for HR and payroll departments.

How does this affect employees?

Time and attendance management software improves company culture, as it empowers each person to control his or her contributions to the organization. Employees enjoy autonomy and being in charge of their own work lives. It's comforting being able to access one's personal sick leave, PTO days, and benefits data. Time and attendance tracking management software guarantees accurate payment and benefits distribution, leaving employees with a confident, trustworthy image of their managers and the company as a whole.

Guidelines on how and when to take advantage of the rights offered under federal government regulations should always be readily available to employees. With an employee self-service platform, workers are able to take more ownership of their careers on a regular basis. They can access their personal information on file without being at work or bothering HR and payroll professionals. Plus, this type of access demonstrates a reciprocal trust in the workforce, which only increases the drive for employees to deliver good work in return.

When it comes to diminishing the likelihood employees will steal time from a business or feel bogged down by administrative duties, companies could increase transparency about benefits, social perks, professional development opportunities, and salaries. Luckily, investing in automated time and attendance management software empowers companies to give workers accurate information on all of the aforementioned details.

Engaged, positive, and trusting workers will stay with a business longer; that feeling is possible with automated time and attendance software.

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Conclusion

Spending time and money on providing employees, HR and payroll staff included, with the resources necessary to perform their duties at an optimum level is worth every minute and penny, especially as it applies to their presence in the workplace. A time and attendance tracking platform that increases efficiency, reduces costs, boosts morale, and provides businesses with reliable, accurate reporting on personnel data is invaluable.

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