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Global payroll business continuity during COVID-19

Introducing the EY Global
Payroll SOS service
powered by ServiceNow

Key questions

1. Is there a process to assure data security, access and privacy for remote workers?
2. For processes involving physical elements, what is a sustainable backup approach if these fail?
3. How can I get timely updates of fast-moving country regulatory changes concerning payroll during COVID-19?
4. What is legally required regarding new employee situations and what are the leading practices?

Payroll business continuity issues during COVID-19?

Payroll never closes nor is cancelled. EY teams can help you navigate issues and challenges.

Contact EY teams today.
Visit www.ey.com/globalpayrollSOS

When what matters most is your people, global payroll business continuity is essential, especially during COVID-19

In ordinary times, everybody is paid on time. The payroll function seems to be almost invisible in companies. It is working in the background, doing its essential job. How different is this in extraordinary times such as the COVID-19 outbreak? During times like these, it becomes abundantly clear the essential function payroll fulfills in society. If payroll stops, the ripple effect is clear and almost everything else stops with it.

The unprecedented times we find ourselves in makes the case for resilient business continuity plans and payroll is no different. One could argue the most important asset to protect is people.

There are many ways in which outbreaks such as COVID-19 could impair employees getting people paid on time, correctly, or at all. As companies navigate impacts of COVID-19, there are a number of key issues payroll leaders should consider, as they both seek to overcome challenges today and plan for tomorrow.

People are central to everything

Payroll critical staff could become directly affected by the virus themselves or may need to take care of vulnerable or sick family members. In many cases, parental duties may be impacted due to mandatory school closures or childcare issues.

Confined and challenging home environments, and sub-optimal technical resources can contribute to an already high-pressured environment. This is especially the case where payroll staff are in high demand due to additional complexities or when needed to step in, in the case of capacity shortages.

Similar to other critical business functions, when payroll staff are displaced, a metaphorical relay race should take place. Who steps into their shoes is critical, and more importantly, how. Companies operating in many jurisdictions often brings many payroll vendors, each with a different business continuity plan.

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Michael van den Brand

EY Global Payroll Markets & EY EMEA Payroll Operate Leader

When the doors are closed, are systems and data under lock and key too?

A second significant factor is access to systems and other critical production resources. Today, a number of cities, and in some cases entire countries, are under mandatory lockdown as advised by governmental authorities. Many office-based professionals are requested to work virtually (i.e., from home). In the majority of cases, this is successful and leads to new ways of working.

But, success also depends on resilience of the workplace's existing virtual and digital infrastructure. For example, the use of physical files and forms, signing and distribution, mass printing, and using bank checks for employee payments may not be possible in the working from home scenario. In the case of offices under lock and key, the use of on-premise only human resources (HR) and payroll software is also rendered impossible.

Bank and government processes could also be impacted as a result of physical restrictions. In the age of digitization, it might be surprising to learn how many tax and social-security institutions around the world still rely on manual filings or lodgments.

Navigating legislative complexity

As a fallback option, temporary payrolls might need to be issued based on last month's actuals. This relies on access to prior data and files. While this would ensure people are paid, it does not completely or correctly reflect the reality of the pay period. Correction will be required afterwards, both within internal systems and with tax and social security authorities. Some administrative regimes around the world impose severe repercussions in cases of over or underpayments.

In dynamic situations, such as a global health crisis, regulatory regimes may change at short notice. Governments utilize emergency powers where needed – for example, several governments continue to define and make aid packages available for companies to support their businesses. In some cases, filing deadlines are being relaxed.

Labor legislative elements are critical to consider – specific legislative frameworks apply in the cases of work-time reduction, forced leave, release of short-term contractors, or even staff redundancies.



Seven areas to consider when it comes to payroll business continuity planning

Payroll organization

- ▶ Who is responsible for performing payroll activities in each location?
- ▶ What are the key activities and how are they performed?
- ▶ Are there effective business continuity plans in place for all locations, either in-house or third-party providers?

Staff availability

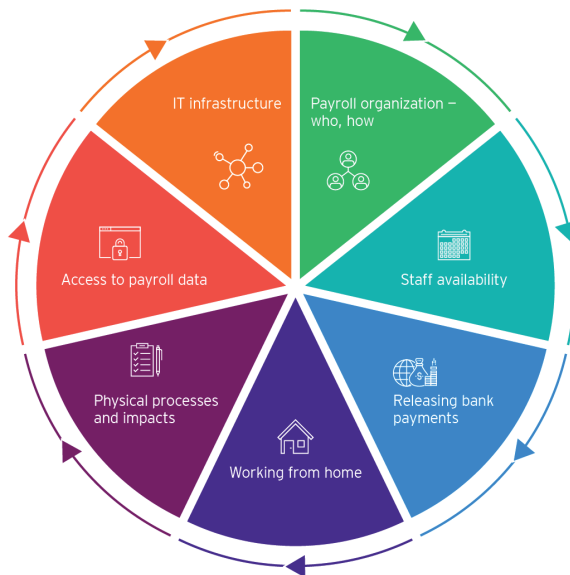
- ▶ What percentage of payroll staff or their direct family members might be affected?
- ▶ What is the anticipated impact in cases of limited staff availability when considering care responsibilities?
- ▶ Has overtime been factored into working arrangements?

Working from home arrangements

- ▶ Are the key HR, payroll and finance personnel correctly equipped to work from home (i.e., use of a laptop, internet with adequate bandwidth, remote access to key applications, an additional monitor where necessary)?
- ▶ Does the home working scenario account for data confidentiality?
- ▶ Is the work environment suitable?

IT infrastructure

- ▶ What are the key technical vulnerabilities or weaknesses?
- ▶ Are HR/payroll source systems (remotely) accessible?
- ▶ Can all payroll inputs be received on time?
- ▶ Is the IT infrastructure secure?



Physical processes

- ▶ What physical processes exist in the payroll value chain (e.g., physical filings, signings)?
- ▶ In the case of limited or no physical access, how will impacts be mitigated?

Access to payroll data

- ▶ Are last month's payment files, pay-slips, pay register and general ledger files readily available?
- ▶ Is (remote) access guaranteed and secured?

Releasing bank payments

- ▶ Is (remote) access guaranteed to release bank payments?
- ▶ What is the process for authorizing exceptional payment procedures?

EY Global Payroll SOS service – www.ey.com/globalpayrollSOS

EY teams are leveraging a ServiceNow workflow engine to provide a modernized digital experience for organizations to obtain global payroll advice and country quick-start payroll during COVID-19. Specific inquiries will be routed to appropriate EY teams with competencies including: global payroll operations and advisory, expatriates, and employment and labor law.

Leveraging this technology platform enabled by ServiceNow, EY aims to help companies by:

- ▶ Evaluating business continuity plans for payroll and determining the minimum amount of data required to fulfill them
- ▶ Providing a quick-start payroll in cases where local vendors and teams fail
- ▶ Sharing leading practices regarding how to approach the payroll situations they are encountering
- ▶ Keeping them up-to-date with the changing country legislation specific to the pandemic and potential impacts
- ▶ Providing staff augmentation through remote assistance
- ▶ Addressing specific tax and legal questions such as: "I have hourly workers with a certain policy, what am I legally required to do?"
- ▶ Addressing specific payroll challenges, for example: "My bank job is in the office and I cannot leave my house"

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Payroll does not close nor is cancelled. During this time of need, EY teams have come together to leverage resources in over 120 countries to provide a helpline for companies around their global payroll operations. Now more than ever, global payroll business continuity is essential.

Sheri Sullivan

EY Global and EY Americas Payroll Operate Leader

Payroll business continuity is critical

Assessing your payroll status quo and thinking through all the continuity scenarios is not an easy task. Considering and assessing the seven areas outlined earlier is only a starting point when it comes to strong payroll business continuity plans. When your people are what matters the most, ensuring the continuity of global payroll is paramount.

EY difference

- ▶ One global platform using ISAE certified methodology and provided by highly integrated teams of EY professionals; no more multiple vendors, third parties or vendor aggregators
- ▶ Holistic approach addressing clients' most pressing challenges from connecting payroll to mobility, people advisory, finance, tax and law, to leveraging investments in automation, artificial intelligence and machine learning
- ▶ Support for automated connectivity to all major HR and financial systems offering consolidated view of workforce, operations and payroll processes; highly intuitive analysis supported by advanced data visualization
- ▶ In-country professionals and relationships with tax authorities in over 120 countries, with real-time reporting, analytics and payroll controls, along with built-in governance

Contacts



Sheri Sullivan

EY Global and EY Americas
Payroll Operate Leader
+1 716 843 5000
sheri.sullivan@ey.com



Michael van den Brand

EY Global Payroll Markets and
EY EMEA Payroll Operate Leader
+34 93 366 3700
michael.vandenbrand@es.ey.com



Marjukka Maki-Hokkonen

EY Asia-Pacific Payroll Operate Leader
+61 2 9248 4397
marjukka.maki-hokkonen@au.ey.com

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About EY

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EY and ServiceNow

EY and ServiceNow offer an integrated business-led, technology-enabled approach to deliver service management and business automation services for the enterprise built on ServiceNow's single cloud-based platform. Our services can transform a wide range of business functions including customer service, HR, facilities, legal and IT operations.

For more information

To discover how EY and ServiceNow can help accelerate your digital agenda by mitigating risk, automating compliance, improving employee experience, and increasing efficiencies, please contact our team or visit ey.com/ServiceNow.

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