Case Study From LBi Software

IMPROVING THE
YEAR END PROCESS

The Business Challenge

automate
supplemental
adjustment payrolls

document
special queries

integrate
payroll and benefits

The Challenge

To perform a complicated, intense and highly visible process with an unbending deadline.

For most Fortune 500 companies, the Year End process has always been a time consuming, often painful effort. Today, existing government regulations, complicated by Sarbanes Oxley, ongoing discoveries of corporate wrong doings and a public which has been media-sensitized to dubious company representations all merge to force honest, law abiding firms to extend themselves even further to ensure that accuracy in all matters is unquestioned.

In the Human Resources/Payroll arena things are no less frenzied.

LBi was given the opportunity to manage the HR/Payroll area's Year End process for a multi-national financial client doing business in all 50 States as well as Puerto Rico. This effort included identifying reporting requirements with their subsequent production, generating supplemental payrolls, last minute federal and state tax updates, production and verification of W-2s and 1099s, as well as the unique development of Puerto Rico tax forms (W-2PR and 480.6b).

The client's Year End processing consisted of manual tasks, handwritten notes and various ad hoc jobs, not in production libraries, but sitting on top of people's desks. LBi was charged with gathering all this disparate information and paperwork and "productionalizing" the tasks to complete the Year End process, which included annual supplemental payrolls, tax update implementation, W-2 and 1099-MISC creation and printing, and Puerto Rico tax forms.

The Solution

The LBi team began the Year End (YE) process by establishing task schedules and priorities. The first item of business was to create a checklist of all the major components of the YE process, including the last payroll of the year, core tax processes, functional tax processes, and the first payroll of the new year. We then built a calendar of events that would be used as an outline for annual YE process management. This was an essential step as it also served as the basis for future documentation.

Next, LBi created a comprehensive program and process inventory, that would continue to be maintained for subsequent years, that included customizations to the client's HCM application. There were ad hoc processes such as spreadsheets for imputed income, and legacy mainframe extracts to calculate Schedule G. There were special processes for benefits billing and arrears collection, merit increases, non-discrimination tests, bonuses and pension valuation. We automated supplemental adjustment payrolls and then identified and documented all special queries required for "data cleanup" and balance adjustments. LBi "productionalized" as much as possible so that "ad hoc" and "do you remember what we did last year?" were never used again.

LBi continued by analyzing all the HCM modules and made any and all necessary modifications based on statutory and compliance–related requirements. We supported all testing phases and payrolls (including last and first payroll), and coordinated with outside vendors to complete interface testing.

The Solution (continued)

We also integrated the Year End payroll process with Benefits enrollments and processing by automating the testing and coordination of activities.

Finally, we accurately printed upwards of 20,000 tax forms including W2s, 1099-R forms, 1099-MISC forms, W2-PR and 480.6b forms (Puerto Rico W-2 and 1099-MISC), and T4 (Canadian) forms, and created all required federal and state magnetic media and electronic files.

The Benefits

By allowing LBi to manage the Year End process, the client was able to concentrate on and manage their core business projects and use only limited resources on the repetitive work. We gave them the maximum flexibility in their staffing and provided a support model for critical, highly visible, but non-core business processes.

What was once a tedious, error-prone process with little consistency from year to year is today a turn-key operation. All ad hoc items are now in production job schedules. In addition, the client now has all the documentation for all processes and can take this Year End process back in-house or off-shore it.

About LBi Software

LBi Software provides precisely engineered, customer-focused human resources technology solutions developed from more than 30 years of experience in HR technology and HR processes. Our flagship solution, LBi HR HelpDesk, is an innovative case manager and call-tracking workflow solution that creates a rich and powerful knowledge base on the fly. Our organic belief in — and solid reputation for applying — a true client-vendor partnership on every project ensures a highly configurable solution designed to put the power in the hands of the employee. In addition, every LBi project is supported by our rich experience and expertise in Mobile Development, Business Intelligence, Data Warehousing, and Reporting and Analytics.

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