NEWS RELEASE

EY Survey: Cost Per Payroll Error Climbs to $339 Average for Companies

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Updated EY analysis shows correcting the most time-consuming errors can take over six months of staff time for a 1,000-employee company

OKLAHOMA CITY--(BUSINESS WIRE)-- **Paycom Software, Inc. (NYSE: PAYC)** (“Paycom”), a leading provider of comprehensive, cloud-based human capital management software, has found through a commissioned EY analysis that organizations spend an estimated average of $339 to correct each payroll error. The 2026 figures reflect EY’s inflation-adjusted update of survey data collected in 2022. The cost per error is up nearly 20% from EY’s 2022 findings, when Paycom first commissioned the study.

Payroll errors now cost companies an estimated average of $339 each.

According to EY, respondents reported payroll errors occurring in 1 of 5 payrolls, highlighting how the costs can accumulate quickly.

“The best payroll error is the one that never happens,” said Chad Richison, founder and CEO of Paycom. “Paycom uses automation to prevent errors before they reach an employee’s paycheck, delivering the accuracy they depend on.”

A composite organization representative of clients that used Paycom’s automated payroll experience, Beti®, reduced the time spent correcting payroll errors by 85%.* Beti is designed to automatically identify discrepancies and guide employees to resolve them before payroll submission. Additionally, across Paycom’s software, decisioning logic takes automation beyond tasks by applying predefined business rules to routine decisions, helping organizations reduce manual work and improve consistency across HR and payroll.

What are the most common types of payroll errors?

Time, attendance and expense issues are the most common category of payroll errors, occurring 1,139 times annually per 1,000 employees. EY estimated that these errors cost an organization $289,722 per 1,000 employees each year, an increase of more than $40,000 since 2022. These calculations focus specifically on the cost of payroll errors and do not include potential compliance costs or other financial consequences, which can add to the broader impact on an organization.

Paycom's Time-Off Requests featuring GONE® is designed to reduce time and attendance errors through decisioning logic that automates time-off decisions based on client-defined criteria. Approved requests flow directly into payroll, which reduces manual intervention and helps prevent downstream payroll errors.

Payroll error category	Errors per 1,000 employees per year	Cost per 1,000 employees per year
Time, attendance and expense	1,139	$289,722
Vacation, paid time off and sick time requests	721	$255,252
Benefits	503	$162,213
Schedule earnings and deductions	410	$157,540
W-4 and tax allocation changes	229	$157,214
Direct deposit	159	$51,948

How long does it take to correct payroll errors?

The report also highlighted the most time-consuming payroll errors, which include missing or incorrect time punches, missing expenses, uniform charge errors, sick time not entered and health savings plan setup errors.

- Missing and incorrect time punches are the costliest error, at an estimated $93,600 per 1,000 employees each year in combined direct and labor costs. They are also the most time-consuming error, taking about 440 hours annually per 1,000 employees to resolve.
- Collectively, the five most time-consuming errors take nearly 29 workweeks per 1,000 employees to correct each year. That is more than six months of staff time lost each year to administrative rework that could be spent on higher-value business initiatives.
- Payroll and HR teams also receive an average of 30 employee questions each pay period.

The EY report reflects data from more than 500 survey respondents with payroll responsibilities as supervisors/managers or in higher roles at U.S.-based companies with 250 to 10,000 employees.

*A commissioned Total Economic Impact™ study conducted by Forrester Consulting on behalf of Paycom, June

2023. Results are for a composite organization representative of interviewed customers.

About Paycom

Paycom Software, Inc. (NYSE: PAYC) is a cloud-based human capital management software provider that allows organizations of all sizes across the U.S. and internationally to set numerous HR and payroll tasks to “automatic” through employee-first technology. Built on a truly single database, Paycom’s full-solution automation manages the entire employment life cycle, helping organizations streamline processes and improve data accuracy. With its industry-first AI engine, IWant™, Paycom provides instant access to accurate employee data without requiring users to navigate or learn the software. For over 25 years, Paycom has been repeatedly recognized by third-party reviewers as a leading payroll and HCM solution.

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