



NEWS RELEASE

EY survey: Payroll errors average \$291 each, impacting the economy

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Payroll errors can cost businesses up to \$705 per error

OKLAHOMA CITY--(BUSINESS WIRE)-- One in five payrolls in the United States contains errors, each costing an average of \$291, according to a new Ernst & Young survey. The study also shows the negative impact of traditional payroll methods where perfect payrolls often do not occur.

One in five payrolls in the United States contains errors, each costing an average of \$291, according to a new Ernst & Young survey. (Photo: Business Wire)

The average organization makes 15 corrections per payroll period, according to EY. The

effects are costly: lost revenue, hours correcting errors, and potential lawsuits and fines.

“Payroll errors have consequences for employees, businesses and the broader economy,” said Chad Richison, founder, chairman and CEO of Paycom. “Organizations need to ensure their payrolls are 100% accurate and not hindering their businesses or people. With Beti, Paycom’s self-service payroll solution, employees are empowered to identify and correct errors ahead of time so everybody wins. Beti is the future of payroll.”

More than 40% of surveyed organizations facing litigation as a result of payroll errors resort to cutting jobs. More than half of those facing regulatory and compliance issues as a result of payroll errors also resort to cutting jobs. Others facing regulatory and compliance issues reported declines in employee morale (41%), fines (15%) and reputational decline (36%).

EY targeted companies with 250 to 10,000 employees and collected responses from 508 individuals who work at

companies headquartered in the U.S. and work with payroll.

Survey results indicate an average 1,000-employee organization spends an aggregate of 29 workweeks fixing the most common payroll errors.

Time/attendance and expense errors were the most common payroll errors, occurring on average more than once per employee per year. Those errors cost about \$250,000 per 1,000 employees, according to EY. Errors recorded include:

Payroll error category	Errors per 1,000 employees, per year	Cost per 1,000 employees, per year
Time/attendance and expense	1,139	\$250,000
Vacation/PTO/sick time requests	721	\$220,000
Benefits	503	\$140,000
Schedule earnings and deductions	410	\$135,000
W4 and tax allocation changes	229	\$135,000
Direct deposit	159	\$45,000

The top five most time-consuming errors to fix — time punches, expenses, uniforms charge errors, sick time not being entered and errors setting up health savings plans — take nearly 29 40-hour weeks to fix per 1,000 employees. That's more than half a work year spent on manual processes instead of strategy to advance a business. Fixing missing and incorrect time punches was the most time consuming; companies spent 26 minutes per employee fixing these errors in the last fiscal year.

The EY report comes on the heels of a **Morning Consult survey** commissioned by Paycom showing payroll errors cause nearly 1 in 5 American adults to take drastic actions and nearly 60% would have difficulty paying bills and making purchases if just \$100 were missing from their check. The good news: Outdated payroll and related problems are easily fixable. For example, Paycom's **Beti** guides employees to find and fix payroll errors before submission.

More information on the EY report can be found [here](#).

About Paycom

For nearly 25 years, **Paycom Software Inc. (NYSE:PAYC)**, has simplified businesses and the lives of their employees through easy-to-use **HR and payroll technology** to empower transparency and direct access to data. And thanks to its industry-first solution, **Beti®**, those employees now do their own payroll and are guided to find and fix costly errors before payroll submission. From **onboarding** and **benefits enrollment** to **talent management** and more, Paycom's software streamlines processes, drives efficiencies and gives employees power over their own HR information, all in a single app. Named one of the World's Most Innovative Companies by Fast Company and best

employers in the U.S. by Top Workplaces, Paycom serves businesses in all 50 states from offices across the country.

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