

Workforce Challenge: Visibility Into Time Fraud and System Gaming

You have access to mountains of employee data, but can you see the stories it's trying to tell you about time fraud and employees gaming the pay system? Employee data can give you visibility into these practices that are costing you money every day.

Did you know that ...

- **13% of U.S. payroll professionals** believe 100% of paychecks for hourly workers perfectly represent the hours worked and the pay that's due¹
- **12% estimate that the hourly workforce** regularly overstates two hours of work each pay period that can be saved²
- **30% of hourly employees** said it's possible to add more time than they worked to their timecards³



**7 EXTRA
MINUTES
PER DAY**

Scheduled start time: 8 a.m.

Grace/rounding of 5 minutes on each side.

A start punch of 7:53 a.m. will garner seven extra minutes of time for the day.

If the employee clocks the same each day:

7 minutes × 5 days = 35 minutes of extra paid time
not worked each week.

Research proves the real and tangible impact of payroll fraud and gaming the system:

- » U.S. shift workers who “ever exaggerate” their hours — **43%**⁴
- » U.S. shift workers who commit time theft who report their time inaccurately — **45%**⁵
- » U.S. shift workers who “steal time” and include personal activities as paid company time — **43%**⁶
- » U.S. workers who concede they “waste” 30 minutes to one hour each workday — **62%**⁷

What if you could:



Reduce employee time fraud and system gaming by eliminating manual time entry and applying uniform policies and procedures?



Catch issues, identify trends, and guide managers to act on the exceptions, instead of requiring them to manually shift through timecards?



Gain real-time visibility into all your payroll data and related work management data to ensure people are on the job when they claim to be — and no more than they need to be?



Automatically notify managers when the system spots an exception to payroll policies?

What could employee data visibility mean to you?

Time fraud and system gaming occur every time an employee accepts pay for time they've not actually worked. Sure, sometimes it's an accident, the result of timesheet error. But often it's intentional and malicious, and can include fudging timesheets, punching in for a friend, rounding to the next hour, and staying a little later to get another full hour of pay. Time fraud and system gaming usually happen when best practices and solutions aren't in place, and when companies don't have the tools to see and manage irregularities.

Calculation example:

If employee time fraud averages as much as **4.5 hours per week**,⁸ a typical company could pay more than \$5,000 in losses per employee per year. For every 100 full-time employees, **this adds up to over \$535,000 in annual losses!**

With our workforce solution, you can:

- **Get real-time visibility into employee hours** to better spot and manage exceptions such as early and late arrivals, absences, long or missed breaks, overtime, or missed punches
- **Provide managers with exceptions in real time** regarding missed or late punches, absences, when employees work outside of their assigned shifts, and more to streamline time and attendance management (e.g., to more easily correct exceptions and approve timesheets)
- **Facilitate collaboration** thanks to email alerts and robust workflows that flag timekeeping and records issues before they become problems

Example:

If your employees game the system for only five to 10 extra minutes per each eight-hour shift, that's **an extra 40 to 50 minutes** (almost one hour of pay!) per each employee's 40-hour workweek.

At the current average hourly wage of \$26.39,⁹ that comes to as much as **\$1,099.58 extra per employee, per year** (50 minutes per week × 50 weeks × \$26.39 per hour / 60 minutes).

For every 100 full-time employees, that's **a cost of \$109,958 per year** for nonproductive activity.

¹ American Payroll Association, *Reviewing Paycheck Challenges Up Close*, infographic, based on Trendline Survey (October 2016).

² Forrester Research, *The Total Economic Impact of Kronos Workforce Central Suite*, a Forrester Total Economic Impact™ Survey (October 2016), at 16.

³ American Payroll Association, *Reviewing Paycheck Challenges Up Close*, infographic, based on Trendline Survey (October 2016).

⁴ Software Advice, *43% of Employees Commit Time Theft: How Software Can Reduce Payroll Losses* (2015), online article, found at <http://www.softwareadvice.com/hr/industryview/time-theft-report-2015/>.

⁵ Ibid.

⁶ Ibid.

⁷ Aaron Gouveia, *2014 Wasting Time at Work Survey* (undated), Salary.com, at 2, found at <http://www.salary.com/2014-wasting-time-at-work/slide/2/>.

⁸ 4.5 hours a week has become a generally accepted estimate of the time lost to misrepresentation of hours worked since the number was reported by the American Payroll Association in 2009. A more recent national survey found the amount of time lost to reporting hours for unproductive time could put the number much higher. That survey found that employees spend about eight hours of the workweek "doing things unrelated to their jobs," and about 56 minutes a day is spent on mobile phones [reported in the *Cleveland Plain Dealer* (Aug. 3, 2017)], found at http://www.cleveland.com/business/index.ssf/2017/08/employees_spend_8_hours_of_wor.html.

⁹ U.S. Bureau of Labor Statistics, *Economic News Release* (Sept. 1, 2017), Table B-3, found at <https://www.bls.gov/news.release/empsit.t19.htm>.