



Best Practices
For
Disaster Preparation and Recovery
For Payroll Departments



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Natural or human-driven disasters can come in many forms, and at any time. Disasters can range from an extraordinary event (Hurricane Katrina), to a major weather issue like a tornado to a lesser yet still disruptive situation like a snowstorm or extreme fog.

In some cases, disaster can be as simple as a company’s server going down the day payroll is submitted disrupting the timing of check delivery, tying up resources and causing anxiety for particularly the unbanked employees who count on the regularity of receiving their checks on their appointed dates.

[How Employers Are Impacted](#)

As you know, employers are often dependent on overnight carriers like FedEx, UPS, etc., to distribute paychecks to the local market or directly to employees. Each are impacted by conditions at the origination or destination point and can delay the timing of the paychecks. Of course, computer crashes, mechanic strikes can happen at any time, with serious ramifications for payroll.

[Typical Recovery Practices By Employers](#)

While there is no single recovery practice, regional and national employers have shared with us examples of how they address the situation. Some complete a duplicate/special payroll check run for all area workers impacted by the disaster. Then, they identify a destination point for employees to pick up their checks. For instance, when Katrina struck, locating workers who fled to other cities, took shelter at local churches or went to the Superdome were extraordinarily difficult to find. Some companies used volunteers to central locations for check distribution. Others turned to money transfer companies like MoneyGram, Western Union, etc., for distribution.

Regardless of the step taken, disastrous events can wreak havoc on the payroll department driving significant check reconciliation issues. When you add up both the hard costs (stop payment on checks or checks lost in transit) and the soft costs of the time to do all the administrative tasks, it becomes significant. Certainly, disasters of the magnitude of Katrina are rare, but others can occur more frequently.





[How Directo Helps With Disaster Prevention and Recovery](#)

By driving employees to direct deposit in general and to Directo specifically, the employer can send money electronically through the Automated Clearing House (ACH) via the US Treasury System to the Directo bank account. As long as employees have their card, they can use it anywhere in the world.

Directo eliminates check reissuance, reconciliation hassles, distribution problems, and dependency on physical transportation systems. Our system also enables easy distribution of “bonus” wages to assist a stranded workforce.

[The Multiple Benefits of Directo](#)

1. Cost Savings and Fraud Prevention

The cost of producing a check, including overhead and labor can run as high as \$3.00. Depending on the volume, direct deposit averages between \$.05 - \$.20, a significant difference.

Directo helps mitigate check fraud, lost checks and all the associated costs to the payroll department, employees, regional managers and local employees.

2. Employee Peace of Mind

Unbanked employees come from a variety of backgrounds and have a wide range of needs based on personal choices. For example, some, particularly immigrants, choose to keep their money with their belongings and risk losing their cash should a storm destroy the structure. They can also become victims of a robbery. Others have challenges managing their money and depend on their paycheck to eat or pay the most basic bills. Directo provides them with the privileges, safety, security, convenience and benefits of the banked worker.

3. Employee Relations and Productivity

Employers who offer direct deposit to their unbanked employees promote good will and increased loyalty. In addition, because they are getting paid regardless of the conditions, employees will be more productive and companies will experience less issues associated with a disaster.



Disaster Recovery Best Practices

Directo recommends the following best practices to help prepare for and recover from a disaster

1. Document and incorporate a disaster recovery program for your company. If you currently have a plan in place it may need to be updated to incorporate use of new systems available.
2. Contact your payroll provider or bank partner to establish direct deposit if you currently don't have it available.
3. Be proactive by driving all employees to direct deposit. If you can accomplish this objective, you have the main ingredient for success.
4. As part of their new hire process, have all employees sign an authorization for direct deposit in the event of a disaster. This drives a direct deposit conversation by the hiring manager and gives Payroll the authorization if ever needed.
5. Once your direct deposit plan is in place, have additional cards on hand for employees who are not on the program. House the cards in geographically strategic locations so, in the event of a disaster, they can easily be handed out to employees and numbers called to set up ACH electronic payments.
6. Have Directo help you set up the procedures for ACH direct deposit BEFORE a disaster strikes. Should your payroll function be housed in the disaster zone, Directo can act as a back-up resource with a solution ready to deploy when needed.
7. If possible, set up a disaster fund with cards that access these dollars in the event employees needed cash to stay in a hotel, rent a car, etc.
8. Should a disaster cause a direct deposit employee to lose his card the PIN safely protects the money. The employee simply contacts Directo and receives a new card in 24 hours or gets an instant issue card from his employer's supply on hand.
9. Present the comprehensive payroll disaster recovery plan to your organization that demonstrates thought leadership and provides the organization with peace of mind that you are prepared should you experience a disaster on any level.
10. Contact Directo to set up your Payroll Disaster Plan at 866.365.6521.

