

Choosing a Managed Payroll Partner: A Guide for Accounting Firms

When accounting firms manage payroll for their clients in-house, they face a number of challenges: ongoing compliance risks, increased liability, and a heavy workload that detracts from core tax, accounting, and advisory tasks. If successfully processing client payroll leads to broader organizational issues for your firm, it's worth considering a better solution.

Partnering with the [right managed payroll service](#) can lighten your workload, while also helping your firm boost revenue and keep clients happy.

In this guide, we'll explore the challenges of running payroll in-house, the benefits of working



with a managed services partner, versus simply outsourcing payroll, and how to choose a strategic partner that provides reliable payroll services.

The Challenges of Managing Payroll In-House

Payroll takes time away from high-value work

Payroll isn't just about running numbers. It means staying up to date with ever-changing regulations, processing payments, and managing tax filings. That's time your firm could spend on core services like tax planning and advisory work.

When providing comprehensive payroll services reduces your firm's ability to meet clients' crucial tax and accounting needs it's important to consider new ways of providing payroll services.

Compliance is a moving target

Payroll mistakes can lead to penalties, audits, or worse. Keeping up with the constantly changing federal and state tax laws takes constant effort.

Here are the main compliance risks when managing payroll for your clients:

- **Navigating Regulations:** Keeping up with local, state, federal, and industry-specific rules is essential and never-ending. Without a [software platform with robust compliance functionality](#), staying compliant for each client can be overwhelming.
- **Calculating Taxes:** Accurately calculating payroll taxes for hybrid, remote, freelance, and multi-state employees is a complicated task.
- **Timely Payments:** Late or incorrect payments for client employees can lead to audits, fines, lawsuits, heightened oversight and reputational harm.

Security & accuracy are non-negotiable

When accounting firms use technology to process client payroll, it's critical to choose

software with strong security, reliable reporting, and the right functionality to prevent fraud and protect sensitive data. Payroll processing involves managing confidential employee and financial information. Without proper safeguards, your firm could face fraud, data breaches, and legal issues.

Doing payroll in-house comes at a cost

Managing payroll for your clients isn't just complex—it can also be expensive. Here are some of the hidden costs that come with keeping payroll in-house:

- **Staffing Costs:** Hiring and training payroll specialists adds up quickly. Even if your existing team handles payroll, it takes time away from higher-value services like tax planning and advisory work—especially during **busy seasons when resources are already stretched thin**.
- **Technology Expenses:** Processing payroll manually might work for a handful of employees, but if your clients have larger teams, you'll need payroll software to handle compliance, tax filings, and secure payments. Investing in the right technology can cut into the profits payroll services bring in.
- **Rising Client Expectations:** Many clients want more than just payroll—they expect tools for time tracking, onboarding, and benefits administration. If your payroll software doesn't offer these features, you may need additional platforms, increasing both costs and complexity.

Why Partnering with a Payroll Provider Makes Sense

A managed payroll partner works as an extension of your firm, taking care of payroll processing, compliance, and security—so you don't have to. This allows you to offer payroll services confidently while focusing on what you do best.

Here's how the right payroll partner helps your firm:

- **More time for high-value work** – Free up resources for tax, accounting, and advisory services.
- **Scalable growth** – Expand your client base without increasing overhead or hiring more staff.
- **Stronger client relationships** – Clients expect seamless payroll support. Offering it strengthens retention and expands service utilization.
- **A competitive edge** – Stay ahead by providing comprehensive payroll and HR solutions alongside your accounting services.
- **Increased revenue & long-term stability** – Earn additional income from payroll services while ensuring compliance, security, and service continuity.

One firm that made the switch from managing payroll internally to partnering with a service is **RC Jones and Associates**. They outsourced clients to a third-party payroll provider but his clients were very unhappy with the service as they received very little support and interaction with the vendor. They wanted a true partner, not just a vendor—someone who could support



their firm's growth while ensuring payroll stayed reliable and compliant.

By transitioning to a [managed payroll service](#), they were able to offer better payroll solutions to their clients, strengthen relationships, and scale without extra admin work.

How to Select the Right Payroll Managed Service Partner

Not all payroll providers are created equal. To find the right partner, look for one that understands your firm's needs, integrates seamlessly with your existing tools, and provides real, human support when you need it.

Choose a partner built for accounting firms

It's essential to select a partner that understands the unique needs of accounting firms and offers tailored solutions to address the distinct challenges you face within your industry.

Your firm's needs are different from those of a typical business. A payroll provider should work with your firm, not just alongside it, offering solutions designed to fit the way accountants operate. That means:

- **Seamless integration** with tax and accounting workflows
- **An understanding of compliance challenges** accountants face
- **Flexibility to scale services** as your firm grows

Whether it's helping accounting firms [reduce administrative burdens while upgrading payroll solutions for clients](#) or transitioning

from tax & accounting services to [advisory services that accommodate a growing client base](#), IRIS offers the tools, expertise, and personalized support to help firms achieve scalable growth in partnership with a qualified payroll service provider.

Prioritize comprehensive payroll and tax services

The right payroll partner should make your life easier, not more complicated. That means automation where it counts, intuitive dashboards, and real-time insights. Look for:

1. Accurate and Hassle-Free Processing—All aspects of payroll processing and tax compliance for your clients should be fully managed by the payroll partner. That's why IRIS files all quarterly and annual returns including W-2's on your clients' behalf, provides complimentary direct deposit and pay cards, ensures timely and accurate payments and provides robust, on-demand, customizable reporting capabilities.

2. Compliance Risk Mitigation—Your managed services provider should have a team dedicated to monitoring new laws and regulation, take on the liability of tax notices and handle any disputes with tax authorities on your behalf.



3. Data Security—The software your partner uses should have comprehensive security measures designed to safeguard your payroll data, prevent fraud, and stop security breaches. IRIS processes your client payroll on a cloud-based platform with secure portals, multi-factor authentication, and leading-edge security systems with 24-7 monitoring to keep your business and clients fully protected.

4. Software Integration—Duplicate data entry should be eliminated with a solution that integrates your payroll with your existing tax and accounting software. When you work with IRIS, this includes seamless journal entry integration for Accounting CS®, QuickBooks® Online, QuickBooks® desktop software, and other software.

5. Advanced Features—Look for advanced capabilities that your clients demand and sets your firm apart from your competition. This includes workforce management tools such as:

- Time and attendance: Online clock for punch in/out by department and location, time off requests, timecard approvals and accrual.
- Benefits enrollment: Customize, publish and track benefits enrollment. Capture benefit selections, ask custom question and require from submission and track individual progress.
- Onboarding: Make the new hire experience a breeze. Walk new hires through account activation, federal and state tax forms, ACA notices, employee handbook, direct deposit authorization, electronic signature creation and custom documents while tracking the process to ensure completion.



6. Client Accessibility—A cloud-based, modern software platform provides you clients' employees anytime, anywhere access to their payroll records and pay stubs and enables them to easily update personal and tax information like their direct deposit information, W4, address and more.

7. Dedicated Client Support—It's essential that your partner understands your firm's unique challenges and offers personalized support to you and your clients. IRIS ensures you have ongoing access to a dedicated payroll specialist who helps you set up your platform, complete software integrations, manage paychecks, assist

with payroll compliance, and quickly address payroll needs so you can prioritize key accounting & tax operations and business growth.

8. Flexibility Puts Your Firm in Control—Do you want your partner to be your firm's payroll back office or do you want to completely outsource everything to them, including communicating to your client? With IRIS, you decide if you want IRIS to work directly with your client, and help to nurture your firm's relationship with your client, or enable your firm to remain the face of payroll to your clients, supporting your firm in the background.

If you simply want to refer your client to IRIS to handle their payroll, you can still get a share of the revenue. Our Referring Accountant Program has 3 tiers of revenue share and other waived fees depending on the number of clients your firm has referred.

Why Choosing the Right Partner is a Competitive Advantage

The right managed payroll partner can help your firm compete with larger competitors by expanding service offerings, enhancing existing ones, and improving client satisfaction without overextending your firm's resources.

Create a Competitive Advantage—When your firm offers clients a trusted and user-friendly payroll solution, your relationship with them evolves from strictly accounting and tax support to a trusted partnership, inviting further collaboration.

Expand Service Offerings—Many businesses seeking accounting and tax support prefer to simplify their payroll and HR processes simultaneously. Partnering with IRIS gives you

the opportunity to offer this service with a flexible partnership model that requires minimal administrative involvement while sustaining client relationships and quality of service.

Improve Existing Services—By adding qualified payroll processing to your slate of services, you free up time and energy to devote to your core services or to shift more energy towards serving as a financial advisor or strategic partner for your clients.

Increased Revenue and Referral Incentives—With the expansion into payroll services and honing of your core services, your core CPA billing is set to grow in tandem with your client's revenue growth. Similarly, when your clients purchase our payroll solution, you receive a referral incentive.

Improve Client Satisfaction—When your business doesn't offer payroll services, or your accounting and tax services suffer as a result of processing payroll internally, you risk losing clients or reducing their overall utilization of services. With a managed services partner like IRIS, you can offer a reliable and user-friendly payroll solution while enhancing the efficacy of the core services that define your business.





Simplify Payroll with a Proven Partner

You don't have to do it all. Whether you're exploring your options or ready to make a change, we're here to help. Let's find the right payroll solution for your firm. [Start the conversation today.](#)

IRIS Managed Payroll Services for Accountants

Ready to expand your service offerings and client base while eliminating compliance headaches and administrative burdens? IRIS streamlines payroll processing and payroll compliance for accounting firms so you can return focus to core accounting, tax, and advisory services, increasing revenue and client satisfaction. [Start simplifying payroll today.](#)

[Contact now](#)

IRIS Americas is part of IRIS Software Group. IRIS payroll solutions exist to take the pain out of processes and enable professionals working in CPA firms and payroll service bureaus businesses comply with regulations, improve efficiency and drive growth. IRIS Americas brands include IRIS Star Practice Management, IRIS Global Workforce, IRIS Innervision, IRIS Practice Engine, Doc.It, PSI Payroll, IRIS HCM, Apex, AccountantsWorld, Senta and Conarc.

IRIS partners with thousands of CPA firms, payroll service bureaus and small to midsize businesses across North America, including 52 of the top 100 US CPA firms. We offer innovative Payroll and HR solutions, making us the preferred partner in the region. Globally, IRIS serves over 100,000 customers, with 80% having tenure of five or more years.

