Time & Attendance

White Papers

Topic
Handling Complex Time Tracking Policies

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IMPORTANT NOTICE

This publication is not a do-it-yourself guide to resolving employment disputes or handling employment litigation, and is **NOT** a substitute for experienced legal counsel. This guide does not provide legal advice or attempt to address the numerous factual issues that may arise in any employment-related dispute.

If you are anticipating any employment-related disputes then we **STRONGLY** encourage you to seek legal counsel as soon as possible.

Being said, the TimeMD system can help you comply with various federal and state wage and hour laws. However, proper compliance with federal wage and hour laws requires that you understand the relevant laws, enter appropriate data into the software, properly configure the software, and test it for accuracy. You are responsible for these activities in order to achieve compliance with wage and hour laws.

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Overview of Payroll Polices in Time and Attendance Software

Time and attendance software has traditionally focused on a limited number of calculations. The most common calculations performed by time and attendance software are:

- Calculating elapsed time from the in/out times (after applying grace and rounding periods).
- Calculating overtime pay (such as daily or weekly overtime) for working more than 8 hours in day or 40 hours in a week.

In recent years, leading edge time and attendance systems have started handling a whole additional set of calculations. Most prominent amongst these capabilities is the ability to calculate gross pay instead of being just an "hours focused" system. There are many logical reasons to calculate pay in the time and attendance software instead of in the payroll system, as described below.

Also prominent is the ability to calculate benefit accruals for time off such as vacation, sick time, and Family Medical Leave Act (FMLA). This document will describe some of the advanced calculations found in TimeMD.com.

Calculate Gross Pay vs. Hours in a Time and Attendance System

Traditional time and attendance systems focus on taking the raw input data (time worked) and converting that information into hours that are passed to the payroll system. Most payroll systems will extend the hours by the employee's hourly rate to get the gross pay.

Many employers, however, find that a time and attendance system that only calculations hours is not sophisticated enough for their requirements. In situations where shift differentials, multiple rates of pay, Fair Labor Standards Act (FLSA), and other complex rules apply, the payroll system will not be able to calculate gross pay. Traditionally employers with these types of complex requirements will manually calculate and keypunch these numbers into a front end system. Others have developed software in-house that automates these calculations. This system then would feed the payroll system both hours and gross pay. These "front end" systems are really just scaled down versions of time and attendance software systems.

TimeMD.com provides complete calculations of gross pay. Pay rates can be set up individually or through a "job" based pay scale. Employees can have multiple rates and get paid for multiple rates in a period. In addition, all other calculations in the system such as shift differentials support the ability to calculate hours and pay.

Overtime Policies

Overtime polices are fully supported by TimeMD.com. Our system can calculate your company or union overtime payroll policies. California overtime laws, federal Fair Labor Standards Act overtime laws, or other state overtime laws can also be supported. You will find all of these complex polices are easily supported by our solution:

- Overtime after a daily, weekly, or period level threshold. For example, pay an employee overtime after 8 hours in a day, 40 hours in a week, or 80 hours in a period.
- Weekly overtime on semi-monthly or monthly pay frequencies.
- Overtime if worked a consecutive number of days.
- Overtime outside of scheduled work time.
- Overtime on holidays including the ability to define a holiday as any period of time (not necessarily just the 24 hours of the holiday).
- Multiple overtime thresholds such as daily overtime and double-time if worked over a specific threshold.

- Apply the federal Fair Labor Standards Act (FLSA) overtime laws for non-exempt employees. Calculate credits to FLSA overtime pay requirements for daily or other overtime or premiums paid according company policies.
- Calculate state overtime pay requirements such as California overtime law requirements through our built in overtime features and flexible user-defined formulas and scripting.

Benefit Accruals

Benefit accruals provide the ability to calculate time off earned and track used time. Benefit accruals are easily supported by TimeMD.com's flexible design. You will find the following complex polices are easy to set up and maintain with our system:

- Accrue time based on hours worked in current or prior periods.
- Set up special qualifications to ensure only eligible employees earn time off.
- Special rules to track Family Medical Leave Act (FMLA) according to any of the "year" definitions required by the government.
- Accrue time once a year, by period, monthly, or any other frequency.
- Special accrual rules for new hires and for employees in their first year of employment.
- Accruals amounts based on length of service or any other conditions you define.

Special Rules

If any of our standard rules cannot meet your requirements, you can have TimeMD.com customize the time and attendance software through our implementation services.

Summary

Advanced time and attendance systems like the one from TimeMD.com can calculate gross pay, overtime, accruals, and a variety of other relevant information

necessary for time and attendance, human resources, and payroll. By calculating all the necessary items, you allow employees to report just the minimum attendance and absence information. You also ensure that employees are paid accurately and consistently, eliminating the need for payroll corrections.