

THE BENEFIT ACCRUAL OPTION

WHAT IT DOES:

The Benefit accrual option provides a facility to accumulate and track Vacation Time, Sick Pay, and Personal Time or another User-defined benefit. The operator defines the rules for benefit accumulation, and usage is monitored during Periodic Entry. Deviations from policy (attempted use of more benefit than has been accrued) are prevented and reported, but may be allowed to proceed with operator input.

This option involves modification of the Employee Data Entry, Periodic Entry, Calculation, and Initialization programs. Company Policy is incorporated via an user-maintained BENEFITS.PAY file, which defines separately for Hourly and Salaried personnel the rate of benefit accrual versus length of employment, restrictions on eligibility and accrual, the increment in which benefits become available, and treatment of unused benefits at year end.

Provisions are made in the Benefit Accrual option for informing the operator that a violation of Company Policy has occurred or has been requested, and for selectively approving these Policy Violations to accommodate different circumstances.

In addition, total benefits accrued Company-wide are expressed in hours and dollars (figured at Regular rate) and reported on the Benefit Accrual Report.

The standard form of the Benefit Accrual Option has provision for Vacation, Sick Pay, and "Personal Time". The "Personal Time" benefit is actually a user-defined item, which is controlled by User-Defined Pay Category #9. The title associated with this item is the title assigned to Pay Category #9 by the operator, and does not have to be "Personal Time".

The Benefit Accrual Option contains provisions for suppressing benefits for certain individual employees and/or independent contractors. When the "Pay Type" (Salaried, Hourly, etc.) is entered or modified, the following question appears:

Is employee eligible for benefits? (y/n) ? **Y**

If the answer is "N" (no), benefit accrual is disabled for the employee and the legend "(No Bn)" (for 'No Benefits') appears next to the "Pay Type" legend in the Employee Record.

VACATION

Vacation time is accrued every pay period for each eligible employee according to the Company Policy implemented. Annual Vacation hours provided by Company Policy are adjusted to the pay period actually being used in the current Payroll. Vacation Due is made available to the employee in blocks (the Availability Increment) whose size is dictated by Company Policy. Company Policy is defined by entering appropriate values in the Benefit Table (stored on disk as the BENEFITS.PAY file) for Hourly and Salaried personnel.

Two accumulators are used for each Employee for Vacation. If the Employee qualifies for accrual of this benefit during the current pay period, the pro-rated hours earned during the current period are added to the Conditional Vacation Accrual when the Payroll is Initialized. The hours in this accumulator are not available for use.

When the number of hours in the Conditional Vacation Accrual accumulator reaches the Availability Increment set by Company Policy, the Availability Increment is transferred to the Vacation Due accumulator, with any excess remaining in the Conditional Vacation Accumulator. Time appearing in the Vacation Due Accumulator is available for use (via entry of "VACATION" pay category hours) after Initialization of the pay period in which the accrual has occurred.

Conditional Vacation Accrual is always done before transferring hours to the Vacation Due accumulator, so that Vacation earned during the current period may always be made available for use in the next pay period.

In addition to the limits imposed by the rate of Accrual, availability of the Vacation benefit may be further limited to those who have achieved a certain minimum duration of employment. This limitation appears as the "Not Eligible Before" entry in the BENEFITS.PAY file. If an attempt is made to use Vacation before this minimum duration, it will be counted as a Policy Deviation and reported on the Deviation Report at the time of Payroll Calculation. Violations of minimum employment duration are flagged with an asterisk (*) in front of the employee's name to distinguish this type of Policy Violation from an insufficient benefit accrual.

SICK PAY

Sick Pay hours are accrued every pay period for each eligible employee according to the Company Policy implemented. Annual Sick Pay hours provided by Company Policy are adjusted to the pay period actually being used in the current Payroll. The Accrual is assumed to be immediately available for use (via entry of "SICK" pay category hours) after Initialization of the pay period in which the accrual has occurred.

If the employee qualifies for the benefit during the current pay period, a pro-rated share of the annual Sick Pay hours is added to his YTD Sick Pay Accrual accumulator.

Qualification is determined and the corresponding addition amount is calculated during Payroll Calculation, and actually included in the YTD Sick Pay Accrual during Initialization. SICK hours paid during the current period are subtracted from YTD Sick Pay Accrual during Initialization.

The amount of the YTD Sick Pay Accrual (in hours) appears in the Employee Record, and may be adjusted by the operator. It should be remembered that in Payroll files which are not currently Initialized this amount, (like all YTD amounts) does not include any Current Amounts which may have been calculated but not yet credited.

PERSONAL TIME/USER-DEFINED BENEFIT

Personal Time/User-Defined Benefit hours are accrued every pay period for each eligible employee according to the Company Policy implemented. Annual Personal Time/User-Defined Benefit hours provided by Company Policy are adjusted to the pay period actually being used in the current Payroll. The Accrual is assumed to be immediately available for use (via entry of Pay Category #9 hours) after Initialization of the pay period in which the accrual has occurred.

If the employee qualifies for the benefit during the current pay period, a pro-rated share of the annual Personal Time/User-Defined Benefit hours is added to his YTD Personal Time/User-Defined Benefit Accrual accumulator. Qualification is determined and the corresponding addition amount is calculated during Payroll Calculation, and actually included in the YTD Personal Time/User-Defined Benefit Accrual during Initialization. Pay Category #9 hours paid during the current period are subtracted from YTD Personal Time/User-Defined Benefit Accrual during Initialization.

The amount of the YTD Personal Time/User-Defined Benefit Accrual (in hours) appears in the Employee Record, and may be adjusted by the operator. It should be remembered that in Payroll files which are not currently Initialized this amount, (like all YTD amounts) does not include any Current Amounts which may have been calculated but not yet credited.

MONITORING DURING HOURS DATA ENTRY

During Periodic Entry, the operator will be advised immediately that the data entered would result in a violation of Company Policy, unless such notification would slow data entry.

If a current or previous violation of policy is detected during normal Personal Time/User-Defined Benefit or VACATION hours entry for hourly personnel, a display will appear in the lower part of the screen showing Personal Time/User-Defined Benefit

Benefit Accrual Option

eligibility, total Personal Time/User-Defined Benefit entered for the Current Period, and the total Excess (Out of Policy) hours currently and previously taken.

The "Out of Policy" advisory display will not appear during Data Entry when using Automatic hours entry, Hours Transfer from an Hours Data file, or the AUTOPAY option. In these cases advice and enforcement of Policy is deferred to the time of Calculation.

When the SICK or VACATION pay type is used, hours entered for the Employee are compared against hours available in his YTD Personal Time/User-Defined Benefit Accrual or Vacation Due accumulators (not including any current amounts). If an attempt is made to use more Personal Time/User-Defined Benefit or Vacation than is allowed, this is reported on a report entitled "Deviations from Vacation and Sick Leave Policy" which is printed during Payroll Calculation.

ENFORCEMENT OF COMPANY POLICY DURING CALCULATION

During Payroll Calculation, a report entitled "Deviations from Vacation and Sick Leave Policy" is printed if any "Out of Policy" conditions are detected. A line will appear on the report for each Employee Sick Pay or Vacation hours are "Out of Policy". If both Sick Pay and Vacation are Out of Policy, a line is printed for each violation. The operator is given the opportunity to be advised of all Company Policy violations, or just ones actually caused by Sick Pay or Vacation hours in the Current Period.

At the beginning of Calculation, the operator may choose to have the program stop upon encountering a violation, advise the operator of the nature of the violation, and to approve or disapprove the violation by entering a user-selected 9-character code (the program accepts any non-blank code as a valid approval). This option should not be selected unless the operator is prepared to approve all deviations, as a single disapproval will require the entire payroll to be recalculated.

The operator may also give blanket approval to all Policy Violations. In this case, the Deviation Report is produced, but the program does not stop. A single 9-character user-defined Approval code will appear by each line of this report.

If any Unapproved Deviations appear, the Status of the Employee Record in the Payroll file remains as though calculation had not been completed, and no paycheck will be issued to that Employee. If this condition occurs, a message will be printed at the conclusion of Payroll Calculation advising the operator that recalculation of at least some Employee's pay is required.

For each Policy Violation, a line is printed on the report as shown in Figure 21-6 below. If the taking of the benefit violates the minimum employment time defined for that benefit, an asterisk appears in front of the Employee name.

STARTING A PAYROLL WITH THE BENEFIT ACCRUAL OPTION

A Payroll containing the Benefit Accrual Option MUST have a BENEFITS.PAY file in the directory defined by the current Payroll Data Path (shown at the top of the Main Menu screen) before any Calculations will proceed. This file is created and updated by the BENEFITS selection on the Main Menu. Benefit accumulators may be set or changed using the EMPLOYEE file maintenance selection on the Main Menu. As with other YTD values, the displayed benefit accumulators do not reflect Current data, which is always subject to change. It is therefore recommended that these values be changed only when the Payroll Master file is Initialized.

```
Benefit Table Maintenance
Midwest Manufacturing Co.

MM Main Menu
SI Sick Pay
VA Vacation
PE Personal Time/User-defined benefit: Pers. Time

Your selection, please: SI
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Figure 21-1: Benefit Table Maintenance Sub-Menu

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Midwest Manufacturing Co.
SALARIED EMPLOYEES- Vacation
-- Employment time in months --
Row  More than, but not more than  Benefit Rate (hrs/yr)
1      0.00                12.00                40.00
2      12.00               108.00               80.00
3      108.00              (no limit)           120.00
10     Benefit Availability Increment:  40.00 hours
11     Not Eligible Before:           12.00 months
12     Must work at least:             1,560.00 hours/year
13     Unused Benefit Carried over to next year
14     Benefit Calculation Method: Standard
```

Figure 21-2: Sample Benefit Table

BENEFIT TABLE MAINTENANCE

For each Benefit and employee pay class, the following information is entered into the Benefit Table:

Benefit Accrual Rate:

Up to nine different accrual rate "brackets" may be entered. Each bracket is defined by a "...more than...but not more than..." employment time in months, and has an associated Benefit Rate expressed in accrued hours per year.

Benefit Availability Increment:

This constant, which is not used for Sick Pay, defines the increment in which the benefit is to be made available to the employee. Conditional accrual proceeds at the applicable Benefit Rate until the Benefit Availability increment (expressed in hours) is accrued: the benefit is then made Available. This feature allows (for example) Vacation to be accrued at any rate, but made available only in one, two, or five-day increments.

Not Eligible Before:

This constant imposes a benefit availability limit based on length of employment. This feature simplifies the benefit table by allowing accrual to begin on the first day of employment without automatically making the accrual immediately available for use.

Must Work at least:

This constant imposes a limit on the benefit accrual based on the total number of hours credited to the employee in the current period. The limit is expressed as an annualized number of hours per year, and applies independently to each pay period. If the number of hours in all pay categories combined does not exceed the threshold for the period, no benefit is accrued for the period. Special pay is not counted toward achievement of the threshold.

Unused Benefit Carried over to next year?

This question, answered "Y" or "N", determines what happens to the Available benefit accumulators when during the Year End Initialization process. Conditional Vacation accrual is always carried over to the next year.

Custom modules are available on special order to permit distributing unused benefits as Special Pay at year end as an alternative to carry-over.

Benefit Calculation Method: Standard, Pro-rated Hourly?

This question, answered "S" or "P", determines how the number of hours worked is used in the benefit calculation as follows:

Standard: (selected by a "S" answer) In this case, any employee whose prorated hours worked exceed the "Must work at least..." threshold, and who meets other

eligibility criteria, is awarded the full benefit calculated by dividing the annual benefit by the number of pay periods per year.

Pro-rated hourly: (selected by a "P" answer) In this case, any employee whose prorated hours worked exceed the "Must work at least..." threshold, and who meets other eligibility criteria, is awarded a benefit calculated by dividing the annual benefit by the number of hours per year (from the Company record), and multiplying by the number of Total Hours worked. "Total Hours" are the hours appearing on the right hand side of the pay stub.

EXAMPLE: The Benefit Table in Figure 21-2 establishes one week (40 hours) of Vacation for Salaried employees after one year, two weeks after two years, and three weeks after 10 years. No Vacation is allowed before one year of employment, and the employee must work at least 30 hours per week (equivalent to 1560 hours/year) in order to accrue this benefit. Vacation is made available in one week (40 hour) increments.

In the example, note that accrual of each different benefit level must begin one year in advance of its availability.

RECOMMENDED OPERATING PROCEDURE

This procedure produces a list of all Company Policy Violations before paychecks are issued. All Deviations from Company Policy are resolved before any paychecks are issued. Approved Deviations from Company Policy are documented in a printed report.

1. Run Payroll Calculations with the original data, without choosing either the Selective Approval (#2) or the "Mark All Deviations Approved" (#3) options. This will result in a Deviation Report containing a list of all policy violations, with a blank "Approved" column.
2. Investigate the Policy Violations, or circulate the Deviation Report to the cognizant supervisor for approval.
3. Correct the Hours Data for any Policy Violation which is not approved by removing the excess SICK and/or VACATION hours.
4. Re-Calculate the entire Payroll, using the Blanket Approval option. Keep the original signed-off Deviation Report as your authorizing document for this action. This will result in a new report showing all Approved Deviations.
5. Print Paychecks.

ALTERNATE OPERATING PROCEDURE

This procedure results in a delay of paycheck printing only for those employees whose pay data contains Deviations from Sick Pay or Vacation policy. A second set of checks is issued after Policy Deviations are resolved for the affected employees. To obtain this operation, the operator assumes more of the responsibility to assure that duplicate paychecks are not issued.

1. Run Payroll Calculations, choosing the Selective Approval (#2) option. Approve or disapprove each Policy Deviation as appropriate.
2. Print Paychecks. Paychecks for those employees whose Vacation or Sick Pay Policy Deviations were not approved will not be printed at this time.
3. By using Selective Periodic Entry, correct the pay data of those employees whose original pay data contained Policy Deviations which were not approved, OR obtain approval for these Policy Deviations. DO NOT re-enter or modify payroll data for employees whose checks were already printed!
4. Selectively Re-Calculate the Pay only for those employees whose original pay data contained Policy Deviations which were not approved. Use the Selective Approval option so that you can enter any newly-obtained Policy Deviation Approvals. DO NOT Re-Calculate the entire payroll or Re-Calculate the pay of any employee whose check has already been issued, as this will result in duplicate paychecks!
5. Print Paychecks. If you followed the Alternate Operating Procedure carefully, only the paychecks which were not printed originally will be produced.


```

PAY & DEDUCTIONS for BRUCE A. CLINTON                               screen 2 of 4

-----
1 Pay: $      1893  salaried
2 Federal tax:  REGULAR
3 State tax:   REGULAR
4 Local tax:   NONE
5 Other tax:   NONE
-----
11 Vacation Due (hrs)..... 30.00
12 Advance Balance..... 0.00
13 Auxiliary Balance..... 0.00
14 Carry Forward Amount..... 0.00
15 YTD No of Weeks Worked... 3.000
16 Sick Pay Accrued (hrs).... -5.23
17 Cond. Vac. Accrued (hrs).. 1.84

-----
7 Note 1 .... Wife's name: Betty
8 Note 2 .... Birthday: 7-15-85
9 Note 3 .... Children: William, Mary
10 Note 4 ....

Press ENTER for next screen, (-) for previous, or line number >
    
```

Figure 21-3: Modified Employee Data Entry Screen
(Relevant Items in **Boldface**)

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Vacation/Sick Leave Policy Checking Options

1 - Report Only If Vacation/Sick Leave Currently Taken <= YES
2 - Pause on Deviation for Selective Approval..... <= NO
3 - Mark All Deviations Approved ..... <= NO

Enter line number to change or 0 to continue > ?
    
```

Figure 21-4: Policy Checking Option Screen During Calculation

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- Working -

BRUCE A. CLINTON          -
  Sick Leave Accrued = -5.23 Sick Leave Taken = 0.00
  Approved by (<ENTER> for 'not approved') > OK-JJS

-
  Vacation Accrued = 30.00 Vacation Taken = 40.00
  Approved by (<ENTER> for 'not approved') >
    
```

Figure 21-5: Calculation Screen showing Selective Approval
(Sick Leave Approved: Vacation Not Approved)

Benefit Accrual Option

HAROLD W. JOHNSON		CODE: HWJ		
HOURS	CATEGORY	RATE	GROSS	JOB
1 32.000	SICK	8.150	260.80	0
2 48.000	VACATION	8.150	391.20	0
3				
4				
5				
6				
7				
8				

Press ENTER to keep data, line number to change

	Accrued to date	Currently Taken	Excess Taken
Sick Pay	0.92	32.00	31.08
Vacation	40.00	48.00	8.00

Figure 21-6: Policy Violation Advisory during Periodic Entry

Midwest Manufacturing Co.						Page
1						
Deviations from Vacation & Sick Leave Policy						
for period Ending 1- 2-88						
Employee ID	Name	Sick Lve	Vacation	Accrued Hours	-Taken This Period-	Approved
BAC	CLINTON, BRUCE A.	-5.23		0.00	0	-JJS
BAC	*CLINTON, BRUCE A.		8.00		8.00	Not
Appvd						
HWJ	JOHNSON, HAROLD W	0.92		8.00	0	-JJS

Figure 21-7: Sample of Deviation Report
(Printed during Calculation)

BENEFIT ACCRUAL REPORT

When the Benefit Accrual Option is present, the Benefit Accrual Report appears on the Reports Menu as selection "BA". When this report is chosen, the Benefit Report screen illustrated below will appear. In each report, dollars are calculated using the employee's hourly rate or equivalent hourly rate (for salaried personnel). These reports may be run for any previous payroll period in the current year, or for the current period.

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Benefit Accrual Report
-----
MM  Main Menu
VA  VACATION ACCRUAL Report
SI  SICK PAY Accrual Report
PT  PERSONAL TIME    or User-defined Benefit Accrual
CR  CURRENT Accruals for all benefits

Your selection, please:  VA
    
```

Figure 21-8: Benefit Accrual Report Selections

Four subtypes of Benefit Accrual can be selected from the Benefit Accrual Reports screen:

VACATION ACCRUAL Report shows current Vacation Due and Vacation Conditionally Accrued in both hours and dollars. In addition, it shows YTD total Vacation Accrued hours and dollars.

SICK PAY Accrual Report shows current hours and dollars.

PERSONAL TIME (or user-defined benefit) Report shows current hours and dollars.

CURRENT ACCRUALS Report shows current hours and dollars for each benefit.

Samples of each Benefit Accrual report appear below.

Midwest Manufacturing Company		*** 04-30-1993 @ 12:18:09 ***				PAGE 1	
		VACATION ACCRUALS					
		Staff - FOR PERIOD ENDING 4- 1-92					
		----- CURRENT -----				===== YEAR TO DATE =====	
NAME	SSN	VACATION DUE	CONDITIONALLY ACCRUED	TOTAL VACATION	ACCRUED	ACCRUED	ACCRUED
		HOURS	DOLLARS	HOURS	DOLLARS	HOURS	DOLLARS
CLINTON, BRUCE A.	188-42-7492	-6.00	-259.62	1.00	43.27	-5.00	-216.35
Clinton, Alice B.	123-45-9999	0.00	0.00	1.00	12.50	1.00	12.50
McINTYRE, TIMOTHY W.	157-42-1838	0.00	0.00	1.00	18.37	1.00	18.37
CURRENT TOTALS:		-6.00	-\$259.62	3.00	\$74.14	-3.00	-185.48

Figure 21-9: Vacation Accrual Report

Benefit Accrual Option

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*** 04-30-1993 @ 12:18:27 ***
Midwest Manufacturing Company                                PAGE 2
      YTD SICK PAY ACCRUALS
      School      - FOR PERIOD ENDING  4- 1-92

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EMP ID	EMPLOYEE NAME	SSN	HOURS	DOLLARS
HWJ	JOHNSON, HAROLD W.	190-42-5351	10.00	60.00
MJW	WEAVER, MARY JANE	207-42-7485	10.00	259.60
School	DEPARTMENT TOTALS:		20.00	\$319.60
GRAND TOTALS:			60.00	\$1,211.00

Figure 21-10: Sick Pay Accrual Report

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*** 04-30-1993 @ 12:18:42 ***
Midwest Manufacturing Company                                PAGE 1
      YTD Pers. Time ACCRUALS
      Staff      - FOR PERIOD ENDING  4- 1-92

```

EMP ID	EMPLOYEE NAME	SSN	HOURS	DOLLARS
BAC	CLINTON, BRUCE A.	188-42-7492	1.01	43.70
ABC	Clinton, Alice B.	123-45-9999	1.01	12.63
TWM	McINTYRE, TIMOTHY W.	157-42-1838	1.01	18.55
Staff	DEPARTMENT TOTALS:		3.03	\$74.88

Figure 21-11: Personal Time/User-Defined Benefit Report

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*** 04-30-1993 @ 12:18:57 ***
Midwest Manufacturing Company                                PAGE 1
      CURRENT ACCRUALS
      Staff      - FOR PERIOD ENDING  4- 1-92

```

NAME	SSN	-- VACATION DUE & ACC'D --		SICK PAY ACCRUED		Pers. Time ACCRUED	
		HOURS	DOLLARS	HOURS	DOLLARS	HOURS	DOLLARS
CLINTON, BRUCE A.	188-42-7492	-5.00	-216.35	10.00	432.70	1.01	43.70
Clinton, Alice B.	123-45-9999	1.00	12.50	10.00	125.00	1.01	12.63
McINTYRE, TIMOTHY W.	157-42-1838	1.00	18.37	10.00	183.70	1.01	18.55
CURRENT TOTALS:		-3.00	-\$185.48	30.00	\$740.40	3.03	90.03

Figure 21-12: Current Accruals Report
(current amounts for all benefits)