

# STAFF System User Guide

## Processing and paying Holiday Pay (2006)

## **0. Document**

This is version 1.2 of the document, it describes the first full release of the new Holiday Pay Processing features contained in STAFF v2.4.04. In particular it describes the new Record Days Worked flag.

There are likely to be updates to reflect the anticipated minor changes to Reports.

## **1. Overview**

This note describes the new facilities in the STAFF System version 2.4.04 for processing holiday pay. In recent years most of our users have been processing holiday pay by paying a regular percentage with each payroll and indentifying it as a payment in lieu of holiday pay - the "pay-each-week" or "rolled-up" method. However the recent judgment in the European Court of Justice and the response by the Department of Trade and Industry mean that this method, while it has not yet been specifically prohibited, is under notice and there appears to be a consensus of opinions that it would be inadvisable to continue using it for very much longer.

We have made a number of changes to the STAFF System to improve the handling of the "pay-on-demand" method and these are included in the new release, version 2.4.04. Most of the changes are behind the scenes but there are amendments to Hours Entry to allow for recording the holidays taken and in a number of reports to clearly show the accrued holiday and pay figures.

It is also important to note that in the original Working Time Regulations, first introduced in 1998, statutory holidays were described as a Health and Safety issue. We have introduced a number of amendments that will allow you to fully record and report all holidays taken so that you can fully comply with the WTR.

## **2. Summary of new features**

### **2.1 Recording Days worked**

This is a new entry required in the Entry of Hours worked transaction (both Expected and Actual Hours where running in "Expected Hours"). In addition to the hours worked it now requires the number of days to be entered, this is necessary because much of the subsequent calculations use the basic unit of a day. In addition you can also record the Expected Days on the Assignment record, as can currently be done with the Expected Hours.

### **2.2 Recording of Paid Holidays and Unpaid Leave**

This is a new transaction which is part of the standard Entry of Hours Worked (both Expected and Actual Hours where running in "Expected Hours") and provides a method of entering the details of a paid Holiday (both number of days and pay) and of Unpaid Leave (number of days) taken by a Temp in a week.

### **2.3 Payroll processing**

The processing for the various Holiday Pay schemes is performed by the standard Payroll processing programs, there are no changes to the user interface although there is a new section to the Payroll Audit Report which gives a summary of the Holiday Pay accrued, the holidays taken, and the additional payroll cost of the accrued Holiday Pay in that pay run. Details of the methods of calculation are given in the appendix.

### **2.4 Holiday Pay and Accrued Pay reports**

A new report program offers a selection of reports: a Temps holiday balance sheet - timesheets worked and holidays accrued against holiday taken giving a final holiday and pay available; a summary report for all temps giving their current situation and a report that indicates whether there are temps who are not taking holidays which may cause a problem towards the end of the holiday year.

### 3. Data recording

#### 3.1 Assignment - Expected Days

There is a new field in the Assignment Details transaction. You can already record the Expected Hours for an assignment and the new field allows you record the corresponding number of Expected Days per week that the Temp will work.

This is an optional field, if you do not enter any value it remains as zero.

If the value of Expected Days is zero then the STAFF System is unable to compare the figure against the days worked in Hours Entry (see below).

### 4. Recording Hours worked and Holidays

#### 4.1 Entering Hours

There is a new field on the Hours Entry screen

```
STAFF
TEMP for 2003/04          --*** THE STAFF SYSTEM ***--          31/ 5/06
SUPERVISORS HOURS ENTRY
ASSIGNMENT NUMBER:  [A0031]  Enter Assignment Number (or 'N' for new) and
                          Week End Date then press RETURN.
WEEK END DATE:      [ 50506]          SEEN Y/N [Y]
                          Temp                      Client
FARR JEAN                      NEW CLIENT
-----
Enter the hours worked as indicated below:
HOURS WORKED [ 30.00] at std pay rate      7.00 std charge rate      9.00
Description
HOURS WORKED [    ] PAY RATE [    ] CHARGE RATE [ .00] [    ]
HOURS WORKED [    ] PAY RATE [    ] CHARGE RATE [    ] [    ]
HOURS WORKED [    ] PAY RATE [    ] CHARGE RATE [    ] [    ]
HOURS WORKED [    ] PAY RATE [    ] CHARGE RATE [    ] [    ]
HOURS WORKED [    ] PAY RATE [    ] CHARGE RATE [    ] [    ]
The hours entered correspond to DAYS WORKED [ 5.0]
PAY EXPENSES [    ] TAXABLE Y/N [Y] CHARGE [    ] [    ]
Total hours this week          Hours to date on this assignment  542.00
Is O/T rate a multiplier or cash ? M/C [C]
Time sheet already paid. Only Charge Rates may be changed
S2NEWHRS/B04
```

"The hours entered correspond to DAYS WORKED" must be entered. You can only enter to half-days.

The Days Worked field is used to calculate the accrued holiday days and the average value of a day, in terms of hours and pay, which are used when calculating holiday pay during payroll and when reporting.

*TIP* - If you only have hours to enter, if you leave Days Worked blank and press RETURN, you will see the error message "Days Worked must be entered" and the entry cursor will be placed in the Days Worked field, you can then enter the value of Days Worked, press RETURN, the A to accept etc. This would save you having to press TAB repeatedly to get from the Hours Worked field to the Days Worked field.

#### Expected Hours

If you are running Expected Hours option the Expected Hours screen is as above, and the same description applies.

The Actual Hours screen has a corresponding Days Worked field for you to enter the actual value and, in exactly the same way as the actual Hours Worked, the value of actual Days Worked may be less or more than the expected value.

## 4.2 Entering details of Holidays taken

There are two methods of recording the holiday taken, either directly from an ordinary timesheet Hours Entry or as a direct holiday Hours Entry transaction..

You must always record paid holidays. The STAFF System also allows you to record Unpaid Leave and in most situations you should record this as well.

The Holiday timesheets that you enter follow the same rules as ordinary timesheets - they can be amended until payroll has processed them at which point they can no longer be amended. Note that Invoicing has no impact on the Holiday timesheets.

### 1) from the standard Hours Entry screen

After you have Accepted the Hours there is a new question:

Do you want to enter Holiday Details now ? [ ]

defaulting to "N". If you reply "Y"es a new screen is displayed:

```
STAFF
TEMP for 2003/04      --*** THE STAFF SYSTEM ***--      31/ 5/06
SUPERVISORS HOURS ENTRY
ASSIGNMENT NUMBER:  [A0031]  Enter Assignment Number (or 'N' for new) and
                        Week End Date then press RETURN.
WEEK END DATE:      [ 50506]      SEEN Y/N [Y]
                        Temp                      Client
FARR JEAN                      NEW CLIENT
-----
Enter the details of all holidays taken this week
Temp currently has available  1.4 days,      55.42
PAID HOLIDAYS:                      DAYS [ 0.0]      PAY [ 0.00]
(either enter only the number of days taken and I will calculate the pay
or enter both the number of days and the amount to pay)
UNPAID HOLIDAYS (or other Absence): DAYS [ 0.0]
(enter the number of days unpaid holiday taken)
Holiday Time sheet already paid.  No further changes allowed      Y
S2NEWHRS/B04
```

and you can enter holiday details for the same temp and week-end date as the previous timesheet. The screen shows the Temp name and week end date, although the previous assignment number and client are still shown they are not relevant to the Holiday details being entered.

The screen reports the Temp's currently available holiday days and pay.

You can record the Paid Holidays in a number of ways:

you can enter both the number of days (to half-day) and the amount paid

you can enter only the number of days and the STAFF System will calculate the amount paid based on the value of an average day

you can enter the exact total available pay only and STAFF will allocate the total available number of days (usually only used when paying all outstanding Holiday Pay when the Temp has been P45d)

In the latter two cases, when you press Return the calculated value will be displayed and you can Accept or Change this as required.

The Temp's currently accrued Holiday Pay and Days are displayed at the top of the screen (as calculated to the most recent payroll). If you enter a figure for Paid Holidays or Pay greater than that accrued you will be warned but you can "pay in advance" of accrued holidays if you wish. This will mean that the available figures will show a negative value (they are calculated as Available - Taken).

To record Unpaid Holidays simply enter the number of days.

Days may be entered to half-days, i.e. to .5, you will be warned if you enter a decimal figure other than 5.

## **2) direct Holiday timesheet**

At the initial Hours Entry screen, instead of entering the Assignment Number enter HOL, and give the required week-end date. When you press return you will invited to enter the Temp Name (and you can use ? to search for the Temp) and when you enter the name you will be taken to the screen described above.

Obviously there will be situations when the Temp is on holiday for the whole week and there is no ordinary Assignment-based timesheet to enter and so the direct Holiday timesheet is the only way to record the holiday data.

### **Expected Hours**

If you are running Expected Hours option the Expected Hours screen is as above, and the same description applies.

There is a corresponding Actual Hours screen for the Holiday timesheet where you can enter the actual holiday details should they be different from the expected details already entered.

#### *HOW IT WORKS - Holiday Timesheets*

When you enter any Holiday details for a temp, the STAFF System creates a special holiday timesheet for that Temp for that week and there is only one (or no) Holiday Timesheet for a Temp for a particular week which holds the data for the paid holiday, both days and pay, and any unpaid leave days. This means that if you were to enter holiday details from a standard timesheet (1 from the standard Hours Entry screen - above) and then use the HOL method (2 direct Holiday timesheet - above) the same details would be seen. The two methods are completely interchangeable and the two methods are offered because of differing requirements in different situations.

## **4.3 Allocating to Unpaid Leave**

This feature can only be used if you record the Expected Days on the assignment and you have entered hours for a timesheet. Whether you enter holiday details or not when you finally Accept the Hours Entry transaction the STAFF System will then compare the Expected Days for that assignment with the total days entered for that week (i.e. Days Worked on the timesheet plus any Paid Holidays plus any Unpaid Leave), if the figures are not equal then you are informed either:

WARNING - total days entered this week are MORE than expected

followed by a breakdown of the days entered (expected, worked, paid holiday, unpaid leave). It is up to you whether you want to make any changes,

or

WARNING - total days entered this week are N LESS than expected

Do you want to allocated the N days to unpaid leave?

(where N is the number of days that the total days entered is less than the expected days for the assignment)

If you reply "N"o the figures are left as they are, although, of course, you can make any changes yourself. If you reply "Y"es, the STAFF system will add the N days to the Unpaid Leave days on the Holiday Timesheet, creating it if necessary.

*LIMITATION* - The whole use of Expected Days and the comparisons to allocate 'spare' days to unpaid leave will really only work satisfactorily in cases where the Temp is on one assignment in a given week. In other cases you would have to decide whether to manually allocate 'spare' days to Unpaid Leave.

In order for the STAFF System to check all timesheets that may be present in the one week would require large scale changes in the current version 2. However this has been taken into account in the new version 3 where you will be able to view all hours and days entered for a particular week regardless of how many different assignments are involved.

### **Expected Hours**

If you are running Expected Hours option the chacking that is performed for the Expected Hours transaction is as above, and the same description applies.

However there is an additional issue with the Actual Hours transaction. At this stage the comparions of expected days is with the actual worked days, paid holiday and unpaid leave, but there is a likelihood that in cases where there are more days than expected it might have been caused by automatic allocation of spare days to unpaid leave at the Expected Hours stage. Consider:

you have entered - Expected Days: 5, Days Worked as entered 3, allocated to Unpaid Leave 2

when Actual Hours are entered the Days Worked is changed to 4, resulting in more days than expected: 4 Days Worked plus the 2 Unpaid Leave. In this situation you would see the messages:

WARNING - total days entered this week are MORE than expected

Reducing the Unpaid Leave from 2 to 1 days will correct the day total

Do you want to make this change (Y/N)?

If you reply "Y"es the Unpaid Leave will be reduced as indicated, If you reply "N"o the data is left unchanged.

Please note that you are only given this option if reducing the Unpaid Leave will completely correct the days total for the week. In other situations you are simply given the warning message and would have to make any changes yourself.

### **4.4 Allocating Paid Holiday against Unpaid Leave**

Suppose that at the start of an assignment you agree to a Temp taking, say, 2 days Unpaid Leave, unpaid because they haven't accrued sufficient pay. After several weeks working they have accrued more than sufficient days and pay and would like to be paid Holiday Pay in respect of the Unpaid Leave. What should you, and can you do ?

As we understand the situation there is no reason that the Temp cannot be paid for the 2 days leave that they have already taken "unpaid", after all were they to be P45d they are entitled to be paid all of their untaken Holiday Pay (that is part of the Working Time Regulations).

If you enter a Paid Holiday and the STAFF System finds that there is already Unpaid Leave you will be informed:

This Temp has already taken M days unpaid, do you want to allocate the paid holiday against the unpaid days taken ? (Y/N)

(where M is the number of days Unpaid Leave already taken)

If you reply "Y"es the Unpaid Leave will be reduced by the number of paid Holiday days taken, the unpaid leave for this Holiday timesheet will show as a negative figure on the reports

## **5. Running the Payroll**

### **5.1 Payroll Reports - Timesheet Validation and Report Pay Due**

A new column has been added to the report for the Days Worked field. In addition the Holiday Timesheets described above are identified with the legends "PAID HOLIDAY" and "UNPAID LEAVE" and only the days and pay (for Paid Holidays), the two types of entry are on separate lines so that a Holiday Timesheet with both Paid Holiday and Unpaid Leave would have two lines on the report.

### **5.2 Calculate Pay**

There are no changes to the reporting at all, any recorded Holidays are paid in the normal way.

### **5.3 Payslips**

The bulk of the payslip remains unchanged but there is an option to include on the payslip a summary of the accrued Holiday figures to date (see Setting up Holiday Pay Schemes, below), and if you select this option the accrued Holiday details line is printed at the end of the Payslip detail lines. You can enter your own text and certain parameters that will be replaced by the current value when the payslip is printed (see later) so that :

ACCRUED %D days, pay %P. AVAILABLE %d days, pay %p

would produce, for example,

ACCRUED 1.42 days, pay 35.42. AVAILABLE 0.42 days, pay 10.49

on the payslip.

Where the payslip includes the details of holiday taken they are presented in the details section (left hand column) like any other timesheet but with an assignment reference of "HOL".

### **5.4 Audit Report**

There are no changes to the bulk of the Audit Report, any paid Holiday pay is treated like ordinary gross pay and processed for Tax and N.I. like any other pay.

However there is a completely new section at the end of the Audit Report that summarise for that payroll run the Holiday Accrued, the Holidays Taken (paid and unpaid), and calculates the additional payroll cost of the accrued holiday pay and estimates the additional NI that that accrued holiday pay will attract when it is paid.

For examples - t.b.s.

## **6. Reporting**

### **6.1 Holiday Accrual and Payments report**

There is a single new report program that has three modes, the first is the Temps detailed holiday report.

### **1) Detail - Temp Holiday report - balance sheet**

For the specified Temp, or All temps, the report lists all timesheets (ordinary and Holiday) in week-end date order. The report is presented in a two column format, on the left the timesheets accruing holiday and on the right the holidays taken; finally there is totals line giving the current status.

The report is intended as a complete record of a Temp's working and holiday record and is presented in a format that can be given to the Temp as a record and explanation of the Holiday pay accrued and paid etc.

On the left hand side (accrual)

week-end date, total hours, days, pay for timesheet, derived accrued hours, days, pay

On the right hand side (holiday taken)

week-end date, holiday days taken, holiday pay, unpaid leave taken

Totals, summary line - t.b.s.

Exceptions:

"no timesheet" when there is no timesheet for a week

"no hours entered" when the timesheet has no hours

\* - indicates that the timesheet has not been processed by payroll

# - indicates that the timesheet has not been confirmed (Expected Hours only)

Example - t.b.s

### **2) Summary**

The Summary report can only be run for ALL temps.

The report consists of one line for each Temp (on a Holiday Scheme) and lists:

the accrued Hours, Pay and Days; the Taken Days and Pay; and the Available Days and Pay

the figures being up to date as at the most recent Payroll run.

Example - t.b.s.

### **3) Performance**

The Performance report can only be run for All temps. It is intended to identify those Temps who have not been taking holidays to the extent that they could run out of weeks left in the holiday year in which to take the holidays. A percentage figure is calculated from the days holiday taken (the sum of paid and unpaid days taken) against the total holiday accrued to date, so that, for example, a Temp that had taken all of their days accrued would have a 100% figure, taking less than accrued would be below 100% and if they had taken more it would be over 100%. The report can be ordered into Temp name order or into Percentage order so that the potential problem Temps (those who had not taken sufficient holidays) would appear at the top of the report.

The report consists of one line for each Temp and the report is separated into three sections depending on holiday scheme type: first those on pay-on-demand schemes, secondly, those on pay-each-week schemes and finally Temps who are not on any holiday scheme.

To run the report issue RP and for Program Name enter S2THOLRP, for Prog-switch just press return. (Note this option can be set up on a Menu)

## 6.2 Other timesheet reports

Those reports that do report timesheets or Assignments have been amended so that any Holiday timesheets are identified by an Assignment reference of "HOL".

## 6.3 Profit report

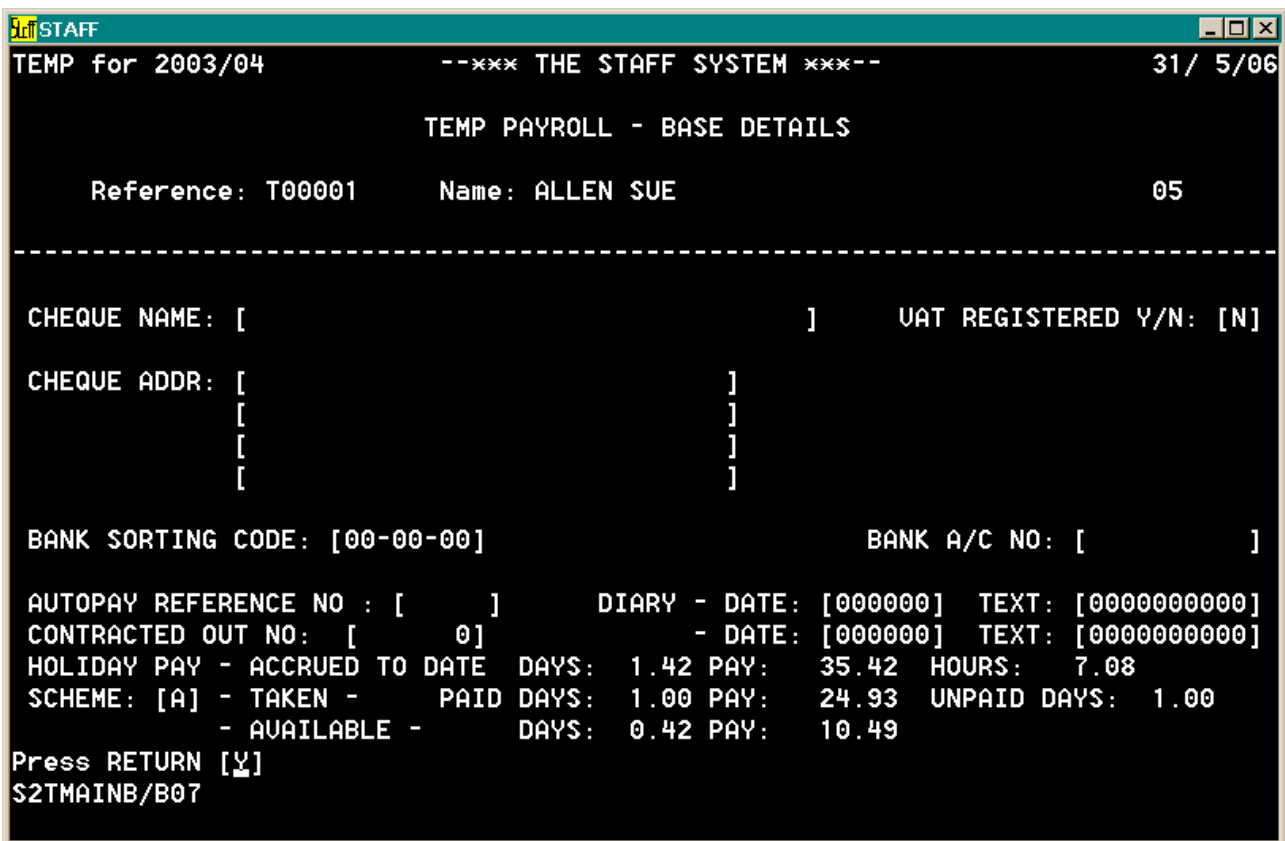
t.b.s.

# 7. Impact of Holiday Pay on other parts of the STAFF System

## 7.1 Temp Details

There are changes to the Temp Details/Payment details screen

On the Payment Details screen, there are several new display-only fields that give the current values of accrued, taken and available Holiday values.



```
STAFF
TEMP for 2003/04          --*** THE STAFF SYSTEM ***--          31/ 5/06
                           TEMP PAYROLL - BASE DETAILS
Reference: T00001        Name: ALLEN SUE                          05
-----
CHEQUE NAME: [          ]          VAT REGISTERED Y/N: [N]
CHEQUE ADDR: [          ]
               [          ]
               [          ]
               [          ]
BANK SORTING CODE: [00-00-00]          BANK A/C NO: [          ]
AUTOPAY REFERENCE NO : [          ]          DIARY - DATE: [000000] TEXT: [0000000000]
CONTRACTED OUT NO: [          0]          - DATE: [000000] TEXT: [0000000000]
HOLIDAY PAY - ACCRUED TO DATE DAYS: 1.42 PAY: 35.42 HOURS: 7.08
SCHEME: [A] - TAKEN - PAID DAYS: 1.00 PAY: 24.93 UNPAID DAYS: 1.00
              - AVAILABLE - DAYS: 0.42 PAY: 10.49
Press RETURN [Y]
S2TMAINB/B07
```

## 7.2 Invoicing

The Holiday Pay processing has no direct impact on Invoicing

# 8. Setting up Holiday Pay Schemes

## 8.1 Setting up Holiday Pay Schemes

There have been some amendments to the existing Holiday Pay Parameters program, we only deal with the features relevant to the new schemes here.

Issue "RP" and enter, Program-Name - S2HOLPR2, Prog-Switch, just press Return. On the next screen enter "0000" for Branch ID, when asked "Do you want to amend Pay or Report ?" enter "P", and then enter the desired Scheme ID, which may be any alphabetic character. If you have any existing schemes we would strongly advise you to create a new scheme. You are then given the following screen:

```
STAFF
TEMP for 2003/04          --*** THE STAFF SYSTEM ***--          31/ 5/06
                          HOLIDAY PAY PARAMETER UPDATE

BRANCH I.D. [0000]
-----
Holiday Pay Scheme: A      Scheme AA_____
Holiday Days in full year:[20]
Holiday year - start at calendar date (DDMM):[ 109]
OR use first payroll date for each Temp (Y/N) : [ ]
Method used to calculate a payroll's contribution to accrued totals
By accrual Y/N: [Y]          Accrual percentage: [ 8.3330]
Base calculations on: Standard hours/All hours/Total pay ($/A/T): [$]
If 'All hours', use standard pay Rate for Overtime hours (Y/N) ? [ ]

Pay Holiday Pay in each payroll (Rolled Up)Y/N: [N]
If 'Yes' - description on payslip : [HOLIDAY PAY      ] [      ]

If 'No' - show holidays accrued details onpayslip (Y/N) ? [Y]
Enter required text below :
[ACCRUED %D days, pay %P. AVAILABLE %d days, pay %p      ]
S2HOLPR2/B07
```

Most fields are self-explanatory; note that you can enter your own accrual percentage (8.333% is that advised by the REC etc.)

"Base calculations on S/A/T" - the figures accrued are calculated by multiplying the Standard hours or All hours by the accrual percentage to give the accrued hours, the appropriate pay figure is then multiplied by the percentage to give the holiday pay accrued and similarly the days accrued are calculated.

"If 'No' - show holidays accrued details on payslip (Y/N) Y" - if you enter Y an extra line is printed on the payslip that can give details of the accruals to date, using the specified text

"Enter required text below" - just enter the text that you want to be printed on the payslip, you can use the following parameters which will be replaced by the values current for the Temp at the end of the payroll:

%D - accrued Days

%P - accrued Pay

%H - accrued Hours

%d - available Days

%p - available Pay

## **9. Installation of v2.4.04**

### **9.1 Installation**

The STAFF System v 2.4.04 is issued as a full update in a self-extracting ZIP file. Download the file from our web site and run the program; when asked install the files into your STAFF32 directory.

### **9.2 Initialisation for v2.4.04**

The new Holiday Pay processing facilities make use of a set of new fields and these fields must be initialised before any Holiday pay processing. In every branch in which you run payroll use the "RP" option, when asked enter the Program Name: S2V244IN, just pressing return for Prog-Switch. The program will run through several steps, press Return when invited. There is no report.

### **9.3 Other setting-up**

#### *Holiday Pay Schemes*

After you have carried out the installation and initialisation you may then set up the Holiday Pay schemes as described in section 8 above.

Adding Holiday Schemes for Temp

See section 7

#### *Default Holiday scheme for Temp*

You can set up the default Holiday Scheme that will be set for all new Temps registered, this is set up specifically for each branch. Use RP, program name S2PARMUP, program-switch blank; after entering 0000 for branch ID, enter Y to see Header Indicators and look for Holiday Pay default toward to bottom of the right hand column; set this to blank to have no default scheme, or the Holiday Scheme ID. All subsequent Temps created will be given this Holiday Scheme.

#### *Expected Days on Assignments*

You can add Expected Days to any assignment.

Olympic Computers Limited, August 2006