



## **Unicorn HRO**

# **Average Rate Overtime Calculations**

The average rate overtime feature gives you the ability to automatically calculate an employee's average rate of pay and apply it to any overtime hours worked. This process takes place within the **Payroll Feeder**. You have the flexibility to define different work week hours for each payroll processing group. You can also designate certain employees who will receive the average rate overtime processing.

Two processing options are available. In the first method, the **Work Day Index** is used to set up the standard number of hours in a pay period. This could be 40 hours a week, or an 80-hour bi-weekly period. Any hours over this amount will be paid at the overtime rate. Using this method, Work Dates must be entered in **Time and Attendance** (and **Lump Sums**, if any) so that each day's hours can be accumulated against the standard number of hours.

The second method is used when you calculate and enter the number of overtime hours. Under this scenario, do not use the **Work Day Index**. Enter the number of overtime hours using the pay code that is defined as the Average Rate Pay. The system will calculate the employee's average hourly rate of pay, multiply it times the number of overtime hours, and apply the additional amount and/or factor that you have defined in **Pay Code Definition**. This is best suited for a weekly payroll.

**Set-up instructions:**

**Work Day Index:** Use this function only if you want the system to calculate the number of overtime hours. Add entries to define your standard work weeks. Entries in this function are stored by Legal Entity, Payroll Processing Group and Pay Period End Date. For each Pay Period End Date, enter the last Work Date, the number of standard (non-overtime) hours in the pay period, and the week number. Here are examples of how these entries would look:

*For a weekly pay period where the standard number of hours is 40:*

<u>Work Date</u>	<u>Hours</u>	<u>Week Number</u>
09/24/nnnn	40.00	1

*For a bi-weekly pay period where overtime is calculated when weekly hours exceed 35:*

<u>Work Date</u>	<u>Hours</u>	<u>Week Number</u>
09/17/nnnn	35.00	1
09/24/nnnn	35.00	2

*For a bi-weekly pay period where overtime is calculated when hours worked exceed 80:*

<u>Work Date</u>	<u>Hours</u>	<u>Week Number</u>
09/24/nnnn	80.00	1

**Pay Code Definition:** Three options are used in this function for the average rate calculations. Perform these steps for each legal entity that you use.

- For each pay code whose hours are to be included in hours worked, access the Pay Process Control button and click on the “Include in Avg. Rate Hours” checkbox.
- For each pay code whose dollars are to be included in calculating the standard rate of pay, click on the “Include Pay in Avg. Rate” checkbox.

- For the one pay code which will represent the average rate overtime differential amount, click on the “Average Rate Overtime” checkbox. Only one pay code per legal entity can be defined as Average Rate Overtime. If you are not using the Work Day Index, use this pay code to enter the number of overtime hours that the employee worked.

**Pay Rate Overrides:** For the pay code defined as “Average Rate Overtime”, enter the Factor For Rate and/or Additional Amount that represents the differential amount. For example, if you pay overtime at 1.5 times the regular pay rate, you would enter .5 in the Factor For Rate field.

**Work Profile:** For each employee who is to receive overtime pay based on the average rate of pay, select the checkbox marked “Eligible For Average Rate Overtime” on Page 2.

**Misc. Payroll:** Average rate overtime calculations are performed only for employees who are not time card exempt. The Time Card Exempt checkbox must be “off”.

**Time and Attendance:** If you are using the Work Day Index, you must enter the Work Date in order to compare the employee’s time to the correct week.

**Lump Sums:** If you are using the Work Day Index, you must enter the From and To Work Dates in order to compare the employee’s time to the correct week.

### **Processing:**

When an employee is being processed after being submitted from the **Payroll Feeder**, the system will check the Eligible For Average Rate Overtime flag in **Work Profile**. If the flag is “on”, and the employee is not time card exempt, the employee’s Time And Attendance and Lump Sum records will be accessed.

Using the first method: For each record where the Work Date is less than or equal to the Work Date in **Work Day Index**, wage amounts will be accumulated for all pay types where the “Include Pay in Avg. Rate” checkbox is “on”. Hours will be accumulated if the “Include in Avg. Rate Hours” field is “on”. The system divides the total dollar amount by the total hours, and gets the standard rate of pay. The Additional Amount and/or Factor from the pay type designated as “Average Rate Overtime” in **Pay Code Definition** are applied to this rate. This amount is then multiplied by the number of hours exceeding the Work Hours in **Work Day Index**. The hours and dollars are stored with the Average Rate Overtime pay code.

If more than one week is defined in **Work Day Index**, the same process is applied for time and attendance and lump sum records which fall within the other work weeks. The overtime amounts from all weeks are totaled and paid with the pay type that has been designated as “Average Rate Overtime”. If no Work Dates are entered, the pay is included in the first week. For lump sums, if the Work Dates span both weeks, the half of the hours and pay will be included in the first week, and half in the second week.

Using the second method: For all pay where “Include Pay In Avg. Rate” is “on”, dollars will be accumulated. Hours will be accumulated if the “Include in Avg. Rate Hours” field is “on”. The system divides the total dollar amount by the total hours, and gets the standard rate of pay. The Factor and/or Additional Amount from **Pay Rate Overrides** are applied to this rate. This amount is then multiplied by the number of hours entered for the Average Rate Overtime pay code. Please note that because the

system adds together all dollars and hours, regardless of which week the hours were worked, that this method is only suited to weekly payrolls. Bi-weekly payrolls should use the Work Day Index method.