

Payroll

Guide to Part Pay Period Processing

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Introduction

Overview

The payroll cycle normally calculates employee gross pay based on the value of the employees cycle incomes AS AT THE PAY PERIOD ENDING DATE. Since these values are almost always expressed in terms of full pay period amounts, this means that these amounts will be incorrect in many situations where some event has taken place in the middle of the pay period. The **PY2000** application has a part pay period processing function which can automatically detect and create adjustment transactions for the most common of these situations.

The following part pay period circumstances are supported by this function:

EVENTS OCCURRING DURING THIS PAY PERIOD

NEW EMPLOYEE JOINING

EMPLOYING REEMPLOYED

EMPLOYEE LEAVING

EMPLOYEE JOINS AND LEAVES

CHANGE IN BASIC PAY (single change)

MULTIPLE CHANGES TO BASIC PAY

EMPLOYEE JOINS AND HAS PAY CHANGE (different dates)

EMPLOYEE JOINS, HAS PAY CHANGE AND LEAVES

INCOME ENDS

INCOME BEGINS

This processing will occur automatically (although it may also be easily “switched off” if not required.)

This function will calculate what the correct amount of pay should be but instead of changing the original income transaction, an adjustment

income transaction with the same income code is created, usually for a negative amount. The sum of the income transactions will be the correct amount of pay. Since the adjustments are kept separately, they can be viewed in the “Update Cheques” function and eventually flow through to pay history.

Any part pay period changes are reported as exceptions on the Trial Register and the Exceptions Register.

Note that part pay period processing uses and is completely dependent on the employees work schedule code being correct. This is so that work days and non work days can be identified by the system and incorporated into the adjustment calculations.

The following types of part period changes require special consideration.

Multiple Pay Changes occurring within the pay period are supported. For example, if a monthly employee starts a 31 day pay month with a rate of pay of £1000, receives an increase to £1100 on the 10th and then goes to £1200 on the 25th, the system will calculate the correct total pay for the month (£1093.53) and create an adjustment transaction of - £106.47 to reduce the standard £1200 income that was created at “BEGIN”.

The system has to look back at salary change history (**PE** Actions type “**SC**”) during the month to perform a day by day calculation, and therefore this feature is dependent on this history being correct, including the existence of a “***NEW**” salary change for recently employed employees. It uses the amount found in the “Payroll Amount” field.

Since the above calculation is only applicable to “Basic Pay” and not to other incomes or allowances (which have their own part period processing) the system assumes that “Basic Pay” has been defined as priority **1** on the income control, i.e. it is the income that is processed before all others.

Note also that the amounts for part time employees will be calculated in the same way as their basic pay, i.e. rate times employee hours divided by standard job hours.

Employees who joined and left in the same pay period will have their basic pay and all incomes adjusted accordingly. Also if a pay change or changes occurred during this period, the correct basic pay will be calculated on a day by day basis.

Employees who joined and had a pay change or changes within the period will have basic pay and incomes adjusted accordingly. As with above, basic pay must be defined with priority **1**.

Employees who left and had a pay change or changes within the period will have basic pay and incomes adjusted accordingly. As with above, basic pay must be defined with priority **1**.

Where an employee has had one or more changes to basic pay within the period and has also had changes to other incomes, these incomes are adjusted according to their beginning or ending dates and not based on date of the change to basic pay.