



Payroll – Vacation & Sick Pay Accrual System Overview

Overview:

The Vacation/Sick Pay Accrual System within the Galaxy Payroll Module is designed to assist you, the employer, in maintaining accurate vacation & sick pay records. Parameters are set separately for Vacation and Sick Pay because, in most cases, they are handled differently. Accrual records can be maintained by hours and dollars, or just hours. Each employee must be assigned to an accrual group. Each accrual group can have up to 5 tiers of accruals.

How this Document is set up:

Click the **Vacation/Sick Accrual System** button from the Payroll Main Menu to view the Accrual System Menu. That is where you will set up your accrual options. These instructions follow the natural order of the menu buttons and the on-screen layout of the setup screens.

Tip:

On the accrual system setup screens, as in the rest of the Payroll module, you can hover your mouse over any field to get pop-up details on what you're supposed to enter at that point.

Accrual Company Setup Button:

Do you want to maintain the accrual system based on hours or dollars?

Choosing dollars will store earned & used vacation & sick pay by both hours & dollars. If you elect to auto-pay all accrued times, if you maintain the accrual system based on hours & dollars, it will pay the stored hours & dollars; whereas if you maintain the accrual system based on hours only, it will pay the stored hours at the current rate of pay.

Check here if you want the accrual information to print on check stubs.

Checking here will cause the check stubs, direct deposit stubs, and on-screen check stubs to show the accrual time earned on this check, time used on this check, and the balance for each, vacation and sick pay.

Vacation Setup Tab:

Is your accrual year going to be based on a calendar year (Jan 1 thru Dec 31) or an anniversary year?

- If you choose Calendar Year, all employees' accruals will be based on January 1 thru December 31.
- If you choose Anniversary Year, each employee's date of hire will determine the basis for their accruals.

If it will be based on a calendar year, do you pro-rate on January 1 of the year following hire or on the anniversary of the hire date? Choices are on January 1 of the year following the date of hire OR on the anniversary of the date of hire.

Note: *This option is not available if you choose anniversary year.*

- If you choose January 1 of the year following the date of hire, that is when the "short period" or pro-rated portion for the first partial year of employment will be considered.
- If you choose Anniversary Date of Hire, that is when the "short period" or pro-rated portion for the first partial year of employment will be considered.

Do your employees lose any hours earned but not taken at the end of the calendar or anniversary year?

- If you choose Yes, Galaxy will automatically record all forfeitures on either the employee's anniversary or upon year-end purge, depending on your base year selection above.
- If you choose No, Galaxy will skip the forfeiture process.

If your employees do not lose unused hours at the end of the year, enter the maximum number of hours they can have on the books. If this field is left blank, Galaxy will assume no maximum.

Note: *This field is not required if all employees lose their unused hours at the end of their year.*

If you want Galaxy to automatically limit the number of hours that can be retained per employee, this is where you would enter the maximum per employee.

Do you want the accrual calculated annually or per pay period?

- If you choose Per Pay Period, the accrual calculations will be performed as part of calculating the payroll checks.
- If you choose Annually, the accrual calculations will be performed based on your base year chosen.
- If the base year is set to calendar year, the accrual calculations will be performed as part of the year-end purge.
- If the base year is set to anniversary year, the accrual calculations will be performed as part of the calculation of the payroll checks if that employee's anniversary falls in that payroll cycle.

Do you want to begin the accrual from the date of hire or the effective date?

- Choosing Date of Hire will start the per pay period accrual to begin with the employee's first payroll check.
- Choosing the effective date will start the per pay period accrual when the employee reaches the first plateau or tier established for their accrual group.

Do you want Galaxy to automatically write the accrual entry to accounting?

Choosing Yes will require that you modify all of your GL Account Summaries to add the liability and expense accounts required to process this entry. The liability and expense accounts are specified in the Add/Modify GL Account Summaries screen.

Do you want Galaxy to automatically pay all accrued amounts each payroll?

Choosing Yes will cause Galaxy to automatically pay all accrued amounts with each payroll processed, thus leaving all accrual balances for each employee at zero.

Do you want to base the plateaus on days after hire or years of service?

- Choosing Days after Hire causes Galaxy to count the number of days since an employee's date of hire to determine which tier applies.
- Choosing Year of Service causes Galaxy to count the number of days since an employee's date of hire and then divide the number of days by 365.25 to determine the number of years of service.

Sick Pay Setup Tab:

Setup for Sick Pay works the same as for Vacation but is maintained separately to better accommodate most dealerships.

Accrual Groups Setup Button:

A minimum of one group is required. If all employees are treated the same for accrual purposes, simply set up Group 00 as All Employees.

- An Accrual Group Setup record is required for each Accrual Group.
- Within each accrual group, you can have up to 5 tiers for both vacation and sick pay accruals.
- Tiers allow for employee benefit accruals to change automatically as the employee gains seniority.
- Each tier requires a Break and an Accrual.

Break – The Break indicates when the Accrual for this tier is earned.

Accrual – The Accrual indicates how many hours are earned at this Break.

Accrual Startup Entries Button:

If you want the accrual system records to be complete, a minimum of one entry per employee is required to record the balances for each employee as of the startup/cutover date of the accrual system.

Note: *When entering startup entries, each time you exit the Accrual Start Up Screen, all employee records will be updated and the startup entries will be locked. Once this happens you will not be able to modify those records. If they are not correct you would need to create another entry in the startup screen to adjust the original entries.*

- If you will be entering only one record for each employee -
Enter/Select the employee number, the payroll year and the transaction date.
Vacation Pay Section –

Enter the Vacation Pay eligibility date, informational only.
 Enter the amounts earned in the current year and all prior years.
 Enter the amounts used in the current year and all prior years
 Enter the amounts forfeited (if applicable) for all prior years.
 Verify the Vacation Accrual Balance.

Sick Pay Section –

Enter the Sick Pay eligibility date, informational only.
 Enter the amounts earned in the current year and all prior years.
 Enter the amounts used in the current year and all prior years
 Enter the amounts forfeited (if applicable) for all prior years.
 Verify the Sick Pay Accrual Balance.

- If you will be entering one record for each year for each employee -
 For Each Year of Employment –
 Enter/Select the employee number, the payroll year and the transaction date.
 Vacation Pay Section –
 Enter the Vacation Pay eligibility date, only on the first record.
 Enter the amounts earned in the current year.
 Enter the amounts used in the current year.
 Enter the amounts forfeited for that year.
 Sick Pay Section –
 Enter the Sick Pay eligibility date, only on the first record
 Enter the amounts earned in the current year.
 Enter the amounts used in the current year.
 Enter the amounts forfeited for that year.
- After all records are entered, be sure to print an Accrual Report in Detail format to verify the totals for each employee. This report can be printed from the Miscellaneous Reports Menu.

Employee Setup:

After you activate the accrual system, each employee must have an accrual group attached. This is done on the Vacation/Sick Pay Accrual tab in Add/Modify Employee Files. Note: this cannot be done until the accrual system has been activated.

GL Account Summary Setup:

If you opted to have the accrual system automatically write the accrual entries to accounting with each payroll, you will need to modify all of your GL Account Summaries to include the accounts needed to record the vacation and sick pay accruals. This is done in the Add/Modify GL Account Summaries screen.

Security Setup (optional):

If you have User Security active (Galaxy requires both a user name and password, not just a password), you will need to review the user permissions for each person with access to the payroll module. Two new options have been added to the payroll security screen: Accrual System Setup, which allows the user access to the Accrual System Menu, and Accrual System Adjustments, which allows the user to record accrual adjustments to any specific employees' records.

Changing the Setup of the Accrual System:

Once the Accrual System is activated, it is not recommended that you modify the setup criteria. If modifications are required, be sure to adjust employee records accordingly, as changes to the setup are not applied retroactively.