The Holidays Act 2003 has specific requirements that payroll systems must provide in order to comply with Section 81 of the Act.

SmoothPay meets the requirements to provide a "holiday and leave record" in order to comply with the Act, provided the system is used appropriately and correctly.

To support the requirements of the Act (and your management information requirements), **SmoothPay** provides numerous *Leave related Reports*, including:

- Leave Records (per Employee from their *Leave Setup* screens)
- Annual Leave Liability Report
- Leave Taken Analysis Reports
- Leave Transactions Reports
- Leave Settings Reports
- Pay Range Summary and Detailed Reports
- Other Reports can be developed to User requirements and as part of **Smoothpay's** ongoing development
- Third Party reporting tools (such as Crystal Reports) may be used to extract information from **SmoothPay's** data files to create *custom Reports*. A complete data dictionary which explains the contents of all data files used by **SmoothPay** is available from the *Reports...Miscellaneous* menu.

SmoothPay also provides automatic "Best Grossing Week" averages for pay rate determination for leave types (unless this is overridden by "*Holiday Act overrides*" in *Company Setup*). These are also accessible using the *Holiday Assistant* available during *Pay Input*.

In addition, **SmoothPay's** *Final Pay Assistant* calculates and reports on the values used to prepare an Employee's *Final Pay*.

The following is an extract reproduced from the Department of Labour's "*Holiday Act 29003 Payroll Specification*" (revised edition October 2004).

Any specific usage requirements are indicated by <u>underlined text</u>

9. HOLIDAY AND LEAVE RECORD

Section 73

9.1 HOLIDAY AND LEAVE RECORD REQUIRED[24]

Every employer is required to keep a holiday and leave record that complies with Section 81 of the Act. *Section 81(1)*

The holiday and leave record may be incorporated into payroll software as long as it complies with the requirements below. *Section 81(3)(b)*

You should inform purchasers whether or not your software meets the requirements to be a holiday and leave record.

9.2 INFORMATION TO BE STORED IN THE HOLIDAY AND LEAVE RECORD
Section 81(2)

For payroll software to constitute a holiday and leave record it must include the following information:

- Name of the employee: Yes

- Date on which the employee's employment commenced: Yes

- Days on which the employee actually works, if the information is relevant to the calculation of entitlements or payment for entitlements under this Act: Requires use of "dated input" option available in *Company Setup*

- Employee's current entitlement to annual holidays: Yes. We recommend Casual staff be paid out *annual leave per pay period* at 8% or be paid an "Inclusive Pay Rate" (option available in *Company Setup*), that all other staff be entitled to annual leave at 4 weeks annually. Other leave should be recorded in Days only. Other options are provided but do not necessarily meet the requirements of the Holidays Act and are available simply to satisfy User demand.

- Date on which the employee last became entitled to annual holidays: Yes

- Employee's current entitlement to sick leave: Yes

- Dates on which any annual holiday, sick leave or bereavement leave has been taken: Yes. This may be recorded in bulk (as part of the Employee's pay for the period ending, in which case the comments field should be used to record the actual dates leave was taken), or by using the "dated input" option to record each day individually.

- Amount of payment for any annual holiday, sick leave or bereavement leave that has been taken: Yes. This forms part of the Employee's *Pay Input* transactions history according to the type of leave being taken, which is retained indefinitely or until purged.

- The dates of, and payment for, any public holiday on which the employee worked: Yes. This forms part of the Employee's *Pay Input* transactions history, which is retained indefinitely or until purged.

- The number of hours that the employee worked on any public holiday Yes. This forms part of the Employee's *Pay Input* transactions history and must be captured as "*Overtime/Penal*", which is retained indefinitely or until purged

- The date on which the employee became entitled to any alternative holiday: Yes. This forms part of the Employee's *Pay Input* transactions history and must have been captured either during input of "*Overtime/Penal*" in the "*Lieu Days for work on Public Holiday*" field, or by using the "*Adjust Lieu*" (or *Employee Maintenance Lieu Adjustments*). This information is retained indefinitely or until purged

- The details of the dates of, and payments for, any public holiday or alternative holiday on which the employee did not work, but for which the employee had an entitlement to holiday pay: Yes. This forms part of the Employee's *Pay Input* transactions history according to the type of leave being taken, which is retained indefinitely or until purged. In order to comply with the Act, the User must use the rate suggested by the *Pay Input Assistant* screen.

- The cash value of any board or lodgings: Yes. This is typically entered as a *Taxable Allowance* for the value, and additionally as a deduction (the Employee pays the tax on the Allowance, but doesn't actually receive a cash amount).

- The details of any payment in exchange for an alternative holiday: Yes. This is recorded as *Lieu/Alternative* in *Pay Input*, and the comment should state the leave was paid out rather than being taken. This can also be applied directly as an adjustment to the Employee's *Lieu balance* along with an appropriate comment.

- Date of termination of the employee's employment (if applicable): Yes

- The amount paid to the employee as holiday pay upon the termination of the employee's employment (if applicable): Yes. **SmoothPay** provides a "*Final Pay Assistant*" which calculates and produces a report that provides all of the relevant information required to support the final payment.

24 The Act allows for the holiday and leave record to be kept as part of payroll software by not insisting that it be a written record and by allowing for it to form part of the wages and time record. It is important that employers are clear whether their payroll software will constitute a holiday and leave record as they need to know whether they need to keep any additional written records to comply with the Act.

9.3 WRITTEN FORM

Section 81(3)

For payroll software to constitute a holiday and leave record it must allow the information in the record to be easily accessed and converted into written form. 25

9.4 KEPT FOR SIX YEARS

Section 81(4)

Employers are required to keep the information for not less than 6 years on the date the information was entered which means that software should contain protections from accidental deletion of data from periods within the last 6 years.

25 This requirement means that where payroll software is being used as the holiday and leave record there should be a mechanism to print all of the holiday and leave information for an employee. This does not need to be in a single report

SUMMARY

Whilst **SmoothPay** Payroll provides all the necessary data storage and retrieval functionality to meet the requirements of the Act, the onus is on the *User* to ensure they understand and meet the data input requirements to maintain that compliance, as such usage is outside the control of the software (though all default values provided are intended to maximise compliance even when used by novice Users).

SmoothPay Limited provides a free data checking service (covered by the User's Annual Maintenance and Support Charge) and will provide recommendations based on that data check.

SmoothPay also provides an automatic checking mechanism, *Issues and Setup Problems Check,* whenever the **SmoothPay** program is updated (also available from *Reports...Miscellaneous* menu). This *Report* should *ALWAYS* be printed and checked to ensure problems are corrected and do not compound into serious breaches of the Holidays Act.

Feel free to contact our **HelpDesk** if you have any questions.

* END *