

# Harmony T&A - Rounding Rules

Rounding is a common practice used in payroll and timekeeping to simplify the tracking of employees' worked hours. It involves rounding an employee's clock-in and/or clock-out times to predetermined time increments, typically between 1-minute to 15-minute intervals. An important rule is that your time clock rounding must be either neutral or favorable towards your employees.

## What are the different types of rounding rules?

You can choose from any of the following to use for rounding your clock-ins, clock-outs, or total hours for the day.

For clock-in and clock-out rules, you can choose between rounding up, rounding down, or having no preference.

**Note:** Clock-in and clock-out times can be rounded separately, so you can choose different rules for each. **Please check your local labor laws to determine what rounding rules are considered to be legal.**

- **Rounding up ('Ceiling')** means that the clock entry will move forward in time. For example, if rounding up 5 minutes, a clock entry that starts at 6:03am will be rounded to 6:05am.
- **Rounding down ('Floor')** means that the clock entry will move backwards in time. For example, if rounding down 5 minutes, a clock entry that starts at 6:03am will be rounded to 6:00am.
- **No preference** means that the clock entry will be rounded to the nearest time, which can either be up or down. For example, if rounding to the nearest 5 minutes, a clock entry that starts at 6:03am will be rounded to 6:05am. However, a clock entry that starts at 6:02am will be rounded to 6:00am.

You can also choose to round the total hours for the day, instead of specific clock entries. For example, if rounding the total hours for the day to the nearest 30 minutes, a clock entry that is 28 minutes in duration will be rounded to 30 minutes.

## Pre-Requisites

- You have access to the Setup section of Harmony Time & Attendance
- You understand your country/state/province's legal rounding rules

## Setting Up Your Rounding Rules

1. Log into Harmony Time & Attendance.
2. Navigate to Setup > Rounding Rules.
3. Click "+ New" to create a new rounding rule.
4. Enter a "Code" and "Name" for your new rounding rule.
5. Enter a "Description" for the new rounding rule (optional).
6. If you want to enable total hour rounding for the day, activate the toggle. You will be required to enter the number of minutes that it will be rounded to.
7. If you want to enable clock-in and/or clock-out rounding, select a "Direction" and identify the number of minutes to round to.
8. Click the save button to save your changes.
9. To assign the rounding rules you have created, navigate to Setup > Shifts.
10. Click on the shift and under the "**Settings**" tab you can assign the rounding rule.

## Frequently-Asked Questions (FAQs)

### Why should I round my clock entries?

1. **It simplifies your payroll calculations.** Rounding timesheets reduces inaccurate calculations, making the payroll calculation process much more efficient.
2. **It prevents overpaying your employees.** Rounding helps employers avoid overpaying for work that wasn't performed by making sure that hours are accurately accounted for.
3. **You can control your overtime costs.** Rounding prevents employers from paying excessive overtime by ensuring that hours are recorded consistently.
4. **It reduces administrative burden.** Exact time tracking can be complex and prone to minor errors, so rounding lessens the administrative burden of handling these numerous clock entries manually.
5. **It eases compliance.** Rounding can help employers comply with labor laws and regulations, by ensuring that employees are paid for their work and not penalized for minor variations in time.
6. **Rounding minimizes disputes between employee and employer.** Rounding is generally considered fair and reasonable, so it helps reduce disputes concerning minor time discrepancies.
7. **It's practical for real-time punch-clock processes.** If you're using a hardware time clock or Harmony's built-in clock in/out feature, you can easily record time in more fixed increments than deal with the minutes and seconds of each clock entry.

### What is legal or illegal when it comes to rounding?

The legality of time clock rounding varies by location, but it's generally accepted if certain conditions are met. It can be come illegal when it systematically and unfairly benefits the employer, resulting in unpaid wages for employees. Some key principles to consider:

## **Legal Aspects**

- Fairness & Consistency - Rounding rules must be applied consistently to all employees. Rounding that systematically favors the employer or undercompensates employees is more likely to face legal challenges.
- Clear Policies - Employers should have clear policies in place that outline their rounding rules. Employees must be aware of these policies, and they should be applied consistently.
- Reasonable Rounding Increments - Rounding increments should be reasonable and not overly prejudicial to employees. Common rounding increments are 5, 10, or 15 minutes.
- Accurate Record Keeping - Employers must maintain accurate records of actual clock-in and clock-out times. This is essential for auditing and compliance purposes. Harmony will keep both the actual start/end times and the rounded times for all clock entries.

## **Illegal Practices**

- "Reverse Rounding" - Rounding down all clock-in and clock-out times to employees.
- Selective Rounding - Applying rounding rules differently to different groups of employees, to the detriment of one group.
- Rounding After Hours Work - Rounding off-hours after regular working hours in a way that deprives employees of overtime pay when they've legitimately worked overtime.