Harmony P - Vacation Accruals

Harmony's payroll module includes a formula in the vacation accrual payroll category (#502) by default. This means that the default settings for vacation in Harmony is for your employees to accrue vacation at a percentage, and then is paid out in dollars when your employees take it. Follow the guide below for different vacation calculations. For your reference, the default formula looks like this:

$$('101 - Salary' + '102 - Hourly\ wages' + '103 - Overtime\ 1.5' + '104 - Overtime\ 2') * ASSIGNED\ RATE'/100.00$$

Pre-Requisites

- Know what payroll category codes your 'Vacation Pay' accrual payroll category and 'Vacation Paid' earning payroll category are. By default, the accrual is #502 and the earning is #105, but you may have changed this during your implementation.
- Understand how your vacation is calculated and paid out

Scenario #1: You accrue vacation by a percentage of gross earnings, and pay it out in dollars when taken

This is the default setting for Harmony. However, if you have any additional earnings that contribute to vacation accruals, you will need to modify the accrual payroll category accordingly.

To add additional payroll categories that contribute to vacation:

1. In Harmony, navigate to Payroll > Payroll Setup > Payroll Categories.
2. Look for your 'Vacation Pay' accrual payroll category (#502).
3. Click the three (3) dots to look into the setup for your accrual.
4. In the table on the right side labelled *Payout:*, ensure that your 'Vacation Paid' earning payroll category (#105) is checkmarked. This means that when you pay vacation out using #105, it will decrease the balance from #502.
5. Navigate to the formula tab (*fx*) on the right side of the screen.
6. Click the ⌫ button to erase one part of the formula at a time, or click the eraser button (◢) to erase the entire formula.
7. Re-build your formula for vacation accrual by using the payroll categories on the left side of the screen and the calculator on the right side of the screen. Be sure to finish off your formula with "*'ASSIGNED RATE'/100.00". For 'ASSIGNED RATE', you can click the orange bar labelled 'ASSIGNED AMOUNT'.
8. Validate your formula to ensure it is correct.
9. If valid, save your payroll category to save your changes.

Tip: If your formula is not valid, double-check your formula! Ensure that there are no straggling plus signs and that if you are using parentheses/brackets, that there are both open and end brackets.

Remember to assign both the accrual and earning payroll categories to your employees! In the employee master paycard, you can enter the percentage in the *"Amount"* field.

Scenario #2: You pay out vacation every pay period as a percentage of gross earnings

The process for this scenario is fairly simple. Since the formula in #502 is already set up as as percentage of gross earnings, all you need to do is replicate the formula into #105.

1. In Harmony, navigate to Payroll > Payroll Setup > Payroll Categories.
2. Look for your 'Vacation Paid' earning payroll category (#105).
3. Click the three (3) dots to look into the setup for your earning.
4. Navigate to the formula tab (*fx*) on the right side of the screen.
5. Toggle on the *"Formula Update"* toggle on the left side of the screen.
6. Build your formula for vacation by using the payroll categories on the left side of the screen and the calculator on the right side of the screen. You can replicate the formula found at the beginning of this article. Be sure to include any other payroll categories within the parentheses if they contribute to vacation and to finish off your formula with "*'ASSIGNED RATE'/100.00". For 'ASSIGNED RATE', you can click the orange bar labelled 'ASSIGNED AMOUNT'.
7. Validate your formula to ensure it is correct.
8. If valid, save your payroll category to save your changes.
9. Return to the payroll category list.
10. Deactivate the 'Vacation Pay' accrual payroll category (#502) by using the toggle.

Tip: If your formula is not valid, double-check your formula! Ensure that there are no straggling plus signs and that if you are using parentheses/brackets, that there are both open and end brackets.

Remember to assign the earning payroll category to your employees! In the employee master paycard, you can enter the percentage in the _"Amount"_ field.

Scenario #3: You accrue and pay out vacation in units (hours/days/etc.)

You will need to change the basis of both the accrual and earning payroll categories for vacation. By default, it is set up as a dollar/percentage.

1. In Harmony, navigate to Payroll > Payroll Setup > Payroll Categories.
2. Look for your 'Vacation Paid' earning payroll category (#105).
3. Click the three (3) dots to look into the setup for your earning.
4. Change the _"Basis"_ to **'Units'**.
5. Identify what _"Units refer to"_.
6. Save payroll category and return to the list of all payroll categories.
7. Look for your 'Vacation Pay' accrual payroll category (#502).
8. Click the three (3) dots to look into the setup for your accrual.
9. Change the _"Basis"_ to **'Units'**.
10. Identify what _"Units refer to"_.
11. Navigate to the formula tab () on the right side of the screen.
12. Deactivate the _"Formula Update"_ toggle (ensure it is grey).
13. Save the payroll category.

Remember to assign both the accrual and earning payroll categories to your employees! In the employee master paycard, enter their hourly rate in both payroll categories. For #502, be sure to include the number of units that the employee accrues per pay period.