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UKG AutoTime

Streamlines meeting total time accounting requirements

What is total time accounting?

Total time accounting (TTA) is the adjustment of an exempt employee's effective wage rate or hours based on the total time worked in a given period. The TTA calculation is used to manage uncompensated overtime for exempt employees only.

Why is total time accounting important to manufacturers?

Total time accounting is important not only for government contractors in the aerospace and defense industries, but also for manufacturers governed by contracts involving accounting practices. Total time accounting:

- Is an accepted Defense Contract Audit Agency (DCAA) accounting method to ensure government contracts are charged fairly and accurately

- Prevents the government and manufacturers from being overcharged, which is especially important when working on multiple contracts

- Prevents manufacturers from being subject to monetary fines, unfavorable judgments, and criminal charges, and loss of government contracts due to failing an audit

- Prevents unnecessary further auditing processes

- Allows manufacturers to balance payroll with contract work

How can UKG AutoTime help with total time accounting?

UKG AutoTime™ (formerly Kronos Workforce AutoTime™) helps satisfy total time accounting requirements as follows:

- Adjusts employee wage rates through built-in total time accounting calculations and shows the total time worked:
  - Creates detailed transaction records with allocated costs
  - Enables export of allocated cost data to labor systems

- Allows historical editing of previous pay periods to correct jobs, hours, etc., and wage rates are updated accordingly

- Reduces the need for additional export/import processes to manage total time accounting

- Reduces administrative overhead since all calculations are handled within UKG AutoTime

Important note

The content of this datasheet is not intended as legal advice. UKG makes no representation concerning the accuracy or completeness of the discussion concerning any law or regulation referenced herein. You should consult with your own legal counsel if you have questions about the content or applicability of these laws and regulations.

Scenario using UKG AutoTime for total time accounting

Consider total time accounting for Judy, who is assigned to work on two government contracts (U.S. Navy and Air Force, both direct labor) and an internal research and development (IRAD) project to improve internal processes for her company (indirect labor).

Effective wage rate

Judy is paid $1,000 per week and is expected to work 40 hours per week; this means her effective wage rate is $25 per hour ($1,000 / 40 hours = $25 per hour).

Total time worked

Assume Judy works the following hours per project in the workweek:

Navy Contract		Air Force Contract		IRAD		Total Hours
20 hours	+	20 hours	+	10 hours	=	50
Direct Labor		Direct Labor		Indirect Labor		

Total time accounting

Because Judy is an exempt employee, she is still paid $1,000 even though she worked 50 hours. If Judy's effective rate is not adjusted:

- Both the Navy and the Air Force contracts will incorrectly be charged $500 each (20 hours x $25 per hour) for her work.

- The IRAD project will not be considered, and the 10 hours will be funded by the government contracts. **This violates total time accounting rules!**

UKG AutoTime uses total time accounting to adjust the effective rates

Judy's effective rate proportional to the hours she worked on each contract and project (direct and indirect labor) are automatically adjusted. Because Judy's pay is based on a 40-hour workweek, even though she worked 50 hours, her hours will be proportionately paid at the following rates:

Navy Contract		Air Force Contract		IRAD		Total Hours
$\frac{20 \text{ hours}}{50 \text{ hours}}$ - 40%	+	$\frac{20 \text{ hours}}{50 \text{ hours}}$ - 40%	+	$\frac{10 \text{ hours}}{50 \text{ hours}}$ - 20%	=	50
Direct Labor		Direct Labor		Indirect Labor		100%

Scenario using UKG AutoTime for total time accounting (continued)

The fair and equitable distribution of the effort and cost for each project is as follows:

- The Navy contract is correctly charged $400 ($1,000 x 40%)
- The Air Force contract is correctly charged $400 ($1,000 x 40%)
- The IRAD project is charged the remaining $200 ($1,000 x 20%)
- Note: The calculations can be the effective rate or an adjustment in the hours.

In the example shown below, Judy has worked a total of 60 hours during her 9/80 workweek. The first 40 hours are classified as regular (R) time, the next five hours are classified as uncompensated (S) gate time, and the next 10 hours are classified as paid extra (E) time, with the final five hours classified as compensatory (C) time. Because S time is uncompensated and C time is paid and accounted for during the period in which it is taken, the total uncompensated time during the period is 10 hours.

In this example, there are 50 compensated hours (40 R + 10 E) and 60 total worked hours (40 R + 10 E + 5 S + 5 C). Therefore, the prorated rate is $25/hour x 50 hours / 60 hours, or $20.83/hour. The detailed breakout of time allocation is shown below for Thursday:

UKG AutoTime automates TTA labor calculations to track compensated and uncompensated labor.

Put UKG AutoTime to work for you:

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Our purpose is people

Building on 70 years of experience from two leaders in HR solutions, UKG™ combines the strength and innovation of Ultimate Software and Kronos®. Individually, we've always put people at the center of everything we do. Together, we're committed to inspiring workforces and businesses around the world, helping to pave the way forward for our people, customers, and industry.