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## Empire SUITE TIME Series

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### You are Losing \$1898 Per Employee. Want to Fix it?

*This is an excerpt from an article originally published on [AccountingWEB](#).*

You treat your employees well and have a PTO policy on the books for non-exempt employees. Great! But what about exempt employees? While it is considered normal to require periodic time reporting for non-exempt employees, many firms are more relaxed when it comes to exempt employees. This presents challenges on how to ensure PTO is recorded properly.

As a professional HR manager, perhaps you ensure your exempt employee PTO policy is structured and well managed and you use a combination of tools to track time off accrued, scheduled and taken, according to your organization's policies. Perhaps you even take it a step further and have implemented a process to compare scheduled days off with actual time recorded and make sure any discrepancies are identified and resolved. Congratulations! If you've done this, then you're ahead of your competition.



However, if you are cringing a bit right now – not to worry. You are like a lot of organizations that have a PTO policy for exempt employees, but it's a little loose and ad hoc, and applied situationally rather than consistently across the firm. Fear not: you're not alone. Today we'll take a moment to focus on some things you can do to improve the efficiency of your systems as it is a good idea to re-evaluate your PTO management process.




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***The cost liability of unused vacation time per employee is \$1,898, not including personal or sick days. In some case, they found that the cost was up to \$12,000!***  
*-Project: Time Off*

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## Consider the Following Three Questions:

### 1) How do your employees request PTO?

Is it automated, as in Web- or e-mail based, or do you use paper forms and voicemail? Do you ask employees to enter PTO information in multiple systems? Exempt employees may or may not be required to submit daily or weekly timesheets, but it's not uncommon for companies to require employees to submit vacation requests to one system in HR, and then submit another document to payroll, or even a third department. Requiring submissions to multiple systems can turn your most talented employees into clerks because of an outdated and manual process. To solve this you need to make the system easy and non-redundant.

### 2) How are you tracking PTO?

Do you ask employees to submit PTO requests before time off is scheduled, or do you ask your employees to record the PTO they've taken after it's long passed. In one real-world example, a major New York bank asks employees to record PTO at the end of the month. The issue with this is the fallibility of our memory. Practically everyone can remember when they took a week's vacation, but what about the half day of sick time on the 2<sup>nd</sup> to go to the dentist? Or Wednesday the 4<sup>th</sup> spent in Jury Duty? How about the summer Friday when they took a half day, ducked out early and headed to the beach? This might be a good time to re-evaluate policies and having a system that is easy and user friendly (as mentioned in point one) will encourage adoption and regular tracking, rather than procrastination leading to missed entries.

### 3) Do you have a process for comparing scheduled PTO with PTO actually taken?

Are you notified immediately if an employee calls in sick or takes an unscheduled vacation day? Are you notified if an employee works on a scheduled PTO day? Most companies don't take the time or make the effort to monitor and manage PTO efficiently. If you don't allow employees to make unauthorized withdrawals from the company bank account, why would you allow unauthorized or unaccounted for PTO?

Unaccounted for PTO also has direct cost implications. If your company pays out unused PTO, either annually or when the employee leaves the organization, those dollars add up fast. Does your company have a specific policy limiting accrued PTO days? In an analysis conducted on behalf of [Project: Time Off, Oxford Economics](#) determined that

the cost liability of unused vacation time per employee is \$1,898, not including personal or sick days. In some cases they found that the cost was up to \$12,000! If your firm is not doing a good job tracking vacation days used for exempt employees, you may end up owing them a substantial check when they depart, or sooner if you decide to implement a “Use it or Lose it” policy.

# PROJECT:TIME OFF

## The Case for an Integrated PTO Management Solution

A firm’s Finance, HR and IT departments should work together to create a seamless, integrated PTO Management solution that ensures employees are taking the PTO they’re allowed and are recording it properly. It should provide managers with the tools they need to monitor compliance and support company policy.

When looking at time and expense tracking software solutions for your organization, HR professionals have many options. It’s always important to make sure the features you need are included in the solution you purchase. The most robust system may sound wonderful, but if the user interface isn’t friendly, none of the above challenges will be solved because your employees will be unwilling to use it regularly. Things like integration with calendars and email (e.g. Outlook), customized rules and notifications, employee and HR professional dashboards, mobile apps, and cloud-based data are all important on different levels to different organizations. Make sure you find a solution that fits and will grow with you and make your job as an HR professional easier.

Want to check your current system and see if you could benefit from an affordable enterprise business solution to solve this challenge? Please contact EmpireSuite today at 212-381-0434 for a quick, no-obligation evaluation or click [here](#) to sign up for a FREE 30-day trial of our award-winning suite of tools.



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