THE DEFINITIVE GUIDE TO
TIME AND ATTENDANCE

PYRAMID

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PART ONE:
INTRODUCTION TO
TIME & ATTENDANCE

WHAT ARE TIME & ATTENDANCE SYSTEMS AND WHY ARE THEY NEEDED?

TIME AND ATTENDANCE SYSTEMS DEFINED.

Time and attendance systems record the precise time an employee starts and stops work, eliminating manual time sheets, reducing over-payment and ensuring regulatory compliance.

With increasing labor costs, demand for labor law compliance, and the prevalence of employee time theft, time and attendance systems have become vital to helping you manage employee time, increase productivity, achieve regulatory compliance, and ultimately reduce labor costs.

Using the time clock systems and applications in this guide, your company is able to maintain accurate time records, administer payroll data and harmonize the workforce. Time and Attendance systems are beneficial for virtually any size workforce and any size or type of workplace environment. In all cases, employers are required to comply with the *United States Department of Labor Wage and Hour Division Recordkeeping Requirements* under the *Fair Labor Standards Act (FLSA)*.

Time and Attendance systems and applications discussed is this guide include:

o Time Clocks

o Time & Attendance Software

o Swipe Card Time Clock Systems

o Proximity Time Clock Systems

o Biometric Time Clock Systems

o Cloud Based Time Clock Systems

o Department of Labor Regulations

o Employee Time Theft

o Automated Calculations

o Payroll Provider Interface

Payroll gobbles up as much as 50% of a business's total budget!

WHY TIME AND ATTENDANCE SYSTEMS ARE NEEDED.

When employee time is recorded using a time clock or time and attendance system, employees are accountable and punctual, time records are 100% accurate and payroll administration time is reduced.

If employees are filling out time sheets, there is room for error and fraud. Inaccurate or fraudulent employee time documentation can cost your company thousands of dollars each year. You don't want employees showing up late on the job, leaving early, or worst of all, having co-workers clock in for them. Time clocks and time and attendance systems help your company save on payroll and achieve optimum productivity and efficiency.

Time clocks encourage your employees to spend more time working and less time wasting time by providing a formalized time recording system with a highly visible and accurate time source. Overpaying an employee for even five minutes per day can add up to thousands of dollars annually. Plus, auto totaling time clocks or automated software-based time clock systems save on payroll processing by automatically totaling regular and overtime hours for weekly, bi-weekly, monthly or semi-monthly pay periods.

If you can increase facility productivity and decrease labor costs, you are ultimately helping the bottom line.

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TIME CLOCKS HELP THE BOTTOM LINE

A Time Clock System can save thousands of dollars per employee each year.

Imagine saving your company over $2K per employee every year just by using a time and attendance system? It's not a far fetched concept. Time clocks eliminate payment for long breaks, late arrivals and early departures, keep employees accountable and productivity on track.

If an employee takes an extra 5 minutes at lunch before heading back to work, you might think it's no big deal. But if 100 employees waste 5 minutes per day, it can cost a company thousands of dollars per year in labor and lost productivity.

Besides eliminating overpayment, some time clock models provide additional payroll savings (see Savings Per Employee chart below). If your company can save on labor costs and improve facility productivity and efficiency, it helps the bottom line.

SAVINGS FACTORS

Factor	Description	Minutes Saved Per Day[1]	Annual Savings Per Employee[2]
Overpayment	Payment for employees who take long breaks & arrive late	6	$796.12
Human Error	Inaccurate time card calculations due to human error	2	$265.37
Audit Time	Time Card Audit Time	5	$663.43
Payroll Automation	Manual payroll management	3	$398.05
Time Theft	Buddy Punching		1% Payroll
Time Clock Punch Method	Swipe Card	.5	$ 66.34
	Biometric	.5	$ 66.34
	Proximity Badge	1	$132.69
Additional Terminal[3]	Additional terminals to accommodate larger workforces	+	--

1 Based on American Payroll Association studies. Punch method & additional terminal savings calculated by Pyramid Time Systems.
2 Based on minutes saved per year @ US Dept. of Laobr 2012 Average Hourly Wage including benefits ($30.62).
3 Savings dependent upon number of employees processed per terminal.

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$AVINGS PER EMPLOYEE

TIME CLOCKS HELP TO COMPLY WITH U.S. DEPARTMENT OF LABOR REGULATIONS

Time Clock Systems prove compliance with wage and hour legislation.

FLSA Lawsuits are on the Rise. Prior to 2000, the average number *of Federal Fair Labor Standards Act* **lawsuits hovered near 1,500 cases per year. Since that time, there has been a dramatic increase to over 7,000 lawsuits in 2012 alone. Time records are one of five key areas investigators focus on when auditing for violations.**

The *Fair Labor Standards Act (FLSA)* sets recordkeeping regulations (29, CFR Part 516) for employment subject to its provisions. The *United States Department of Labor Wage and Hour Division* mandates every employer to keep specific time records for each non-exempt worker. These records must be complete and accurate and are required to include data about the hours worked by each employee.

Pay close attention to the following list of records to reduce FLSA compliance liability associated with grievances and fines:

FLSA WAGE & HOUR DIVISION REGULATIONS (29,CFR PART 516):

o **Time and day of week when employee's workweek begins**

o **Hours worked each day**

o **Total hours worked each workweek**

Time clock systems have consistent rules, maintain accurate documentation, manage data and in some cases, provide reports to prove your compliance.

Tip: Automatic meal period deductions are the single largest reason for litigation. If you require employees to punch out/in rather than auto deduct, you have proof of meal periods.

TIME CLOCK SYSTEMS MITIGATE ERRORS AND EMPLOYEE TIME THEFT

Time and attendance systems prevent costly time theft by accurately recording when employees arrive, take breaks, lunches, and depart each work day.

Federal labor laws provide that employees take breaks during their shift, however break abuse is the most common form of time theft costing employers thousands of dollars each year.

When an employee arrives late, takes longer or more frequent breaks, takes extended lunch breaks, or leaves early, it all adds up to a bunch of money. According to the *American Payroll Association*, the average employee steals 4 hours and 5 minutes every week or 6 weeks annually. For a worker making $10 an hour, that equates to $2,340 a year of lost time and company money!

Using a time and attendance system can help watchdog check-in/check-out times with greater accuracy, and eliminate costly overpayments.

Implementing a time and attendance system lets employees know that they are being monitored and curbs them from taking long breaks and leaving early.

The savings from accurate time tracking not only prevents revenue leaks, but also encourages accountability and increased productivity.
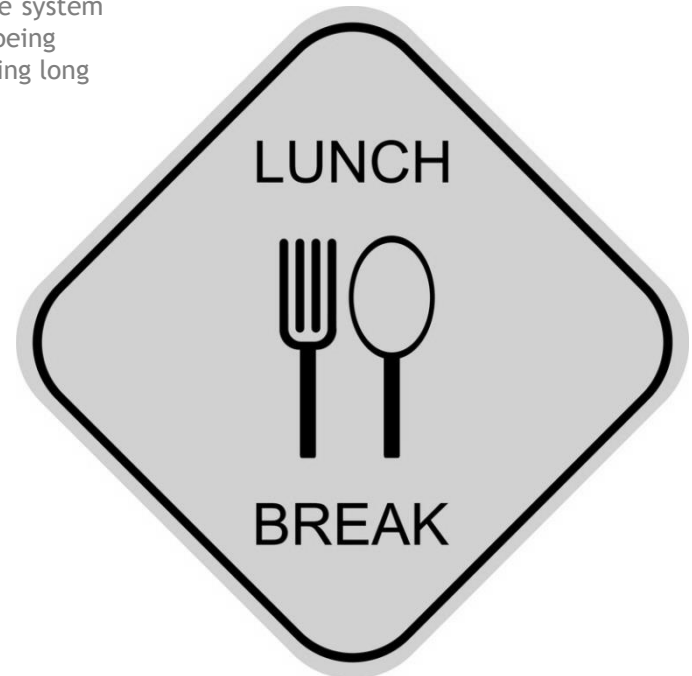
LUNCH

BREAK

TIME CLOCK SYSTEMS ELIMINATE TIMESHEET FRAUD

Time clocks accurately record hours worked each work day.

If you are using timesheets to record employee hours, you may be subjecting your company to significant payroll fraud. Time sheets are like a blank check – inviting employees to fudge their time by filling out extra hours they didn't actually work or round up their minutes to increase their compensation.

And if you think supervisor signatures will protect you, think again. Almost all payroll fraud occurs after the supervisor has approved the time sheets. That's because employees use the blank lines on time sheets to manipulate payroll information after approval by a supervisor.

If you are a small business, your risk factor for this type of fraud is even greater. According to a study conducted by the *Association of Certified Fraud Examiners*, payroll larceny schemes occur twice as often in small businesses of less than 100 employees, as in larger businesses.

Time clocks and automated time and attendance systems are your first line of defense against time sheet fraud.

o **Time Clocks accurately record start and stop times an employee works down to the exact minute.**

o **Auto Totaling Time Clocks and Automated Time and Attendance Systems automatically calculate total worked hours per pay period**

Time clocks provide an official record of the hours an employee works to calculate the actual pay owed to an employee.

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BIOMETRIC TIME CLOCK SYSTEMS ERADICATE BUDDY PUNCHING

Biometric time clock systems positively identify employees using unique attributes.

A common type of time theft amongst hourly workers is "buddy punching" or "buddy clocking". This deceitful practice occurs when an employee asks a co-worker to sign in or "punch" the time clock for them if they are late to work or absent.

According to a recent *Nucleus Research* study, three out of four companies experience loss from buddy punching. In fact, 19% of employees admit to buddy punching for a co-worker!

In total, buddy punching accounts for approximately 2.2% of gross payrolls. If a business' payroll is $500,000, that is a loss of $11,000 per year!

Biometric time clocks are a great option for preventing buddy punching. These advanced time and attendance devices allow employees to clock in without time cards or badges and virtually eliminate "buddy punching". Biometric time clocks require the employee to check in or out of work with the scan of a finger for undisputable, positive identification.

Biometric time clocks are relatively inexpensive as compared to the payroll losses resulting from buddy punching.

TIME CLOCK SYSTEMS ELIMINATE CALCULATION ERRORS

Software-based, automated time clock systems and auto totaling time clocks accurately calculate worked hours.

The method of manually totaling payroll hours is time consuming and prone to errors. This labor-intensive process depends on the accuracy of individual employees who manually total hours and transcribe data from time sheets or cards to a spreadsheet. Payroll errors are "hidden" costs which often fly under the radar.

It is easy to miscalculate hours, round up or down incorrectly, or displace a decimal point. According to an *American Payroll Association (APA)* study, **errors resulting from manual time and attendance processing can account for up to 7% of payroll costs.** For a company with a $500,000 payroll, that adds up to $35,000!

Did you know that reviewing a single timesheet can take as long as 7 minutes! Multiply that by the number of employees in an organization, and again my the number of timesheets submitted per month. Time spent adding up time can add up fast!

Automated time clock systems and auto totaling time clocks reduce payroll processing time and payroll errors.

Auto totaling time clocks apply universal rounding rules and tally up each employee's hours per pay period. Automated time clock systems do the same, but also have expanded capabilities to help manage payroll. These software-based systems apply overtime, lunch rules and special pay, allow payroll editing, run timely reports and integrate data with host payroll systems.

Auto totaling time clocks and software-based time clock systems will help you reclaim lost revenue due to payroll processing time and payroll errors.

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WHAT TYPES OF TIME CLOCKS ARE AVAILABLE?

THE EVOLUTION OF TIME CLOCKS

Time clocks are light years ahead of weekly time sheets and time stamps from yesteryear. The emergence of software and cloud-based time and attendance provide flexible new methods of recording and managing employee time.

In the age of internet-based software, or SAAS (software as a service), payroll administrators are now able to access and manage employee time from anywhere, anytime. Web-based systems provide accurate, real-time reports and seamlessly integrate data with payroll providers such as ADP, QuickBooks or Paychex.

PC software-based time clock systems perform auto calculations and allow editing, reporting and exporting activities, while auto totaling time clocks tally up employee hours between In and Out punches.

All of the time and attendance products discussed in this section handle employee time tracking on some level to help manage day to day payroll tasks.

Manual Time Clocks
Keep employees in check and payroll straight with traditional punch cards.

Software Based Time Clocks
Record employee hours and prepare payroll data on your desktop PC or on the internet.

Document Stamps
Track employee time, perform job costing or time stamp documents.

The introduction of cloud based time and attendance systems allows you to access payroll data from anywhere you have access to the internet.

Time clocks have come a long way since the first mechanical time recorder was invented on November 20, 1888 by Willard Le Grand Bundy.

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TIME CLOCKS DEFINED

Time clocks, punch clocks or time recorders, stamp the date and time on an employee punch card.

Electronic time clocks **are traditional card-based time clocks designed specifically for small business. Time clocks usually have easy time card alignment and automatically activate to stamp the date and time for employee arrivals, breaks, lunches, departures and overtime.**

To check in and out of work, employees insert a time card into a slot on the time clock. When the time card touches a contact at the rear of the slot, the device prints day and time information, or a time stamp, on the card.

Time cards typically include In and Out punch columns, days of week and areas to write in the employee name, pay period ending date, total hours, rates, earnings, deductions and signature and approval. A time card provides an official record of the hours an employee works and is used to calculate the pay due to the employee.

TIME CLOCKS

- ○ Track employee arrival, break, lunch & departure times
- ○ Automatic time card alignment
- ○ Print date & time on employee punch card

Time clocks are best suited for businesses with less than 50 employees.

TIME CLOCKS DEFINED

Auto aligning time clocks keep employee arrivals, breaks, lunches and departure time in line.

These standard employee time clocks are perfect for small business. Auto aligning time clocks automatically imprint the time on a punch card in the appropriate In or Out column for each day of the week. This type of time clock typically accommodates four to six punches per day to manage breaks, lunches or overtime for each employee.

The number of columns may vary from four punch columns to six punch columns. Some time cards are also double sided to handle up to 31 days.

AUTO ALIGNING TIME CLOCKS

- o Handle up to six punches per day
- o Automatic time card alignment
- o Weekly, bi-weekly, monthly or semi-monthly pay periods
- o Unlimited employees
- o Double-sided time cards

6 columns handle three IN/OUT punch cycles

TIME CLOCKS DEFINED

Auto totaling time clocks calculate total hours worked per pay period for each employee.

Auto totaling or calculating time clocks print the day and time of each punch and keep a running total of payable time between punches. These time clocks typically manage up to 100 employees per pay period and include punch rounding preferences.

Some models are constructed of steel for heavy duty environments such as production floors or garages. Actual or rounded worked time is accumulated depending on your preference of weekly, bi-weekly, monthly or semi-monthly pay periods.

Self-calculating time clocks minimize payroll processing time and eliminate errors associated with manual transcription.

AUTO TOTALING TIME CLOCKS

o Accurately calculate worked hours
o Handle up to 100 employees
o Keep running total of worked time between punches
o Weekly, bi-weekly, monthly or semi-monthly pay periods
o Rounding rule options
o Automatic time card alignment

hours worked between punches

cumulative hours

TIME CLOCKS DEFINED

Time clock systems, automated time and attendance systems or software-based time and attendance record employee hours and prepare data for payroll.

Software-based time and attendance systems **use time clock terminals to collect, record and send punches to your desktop PC or the internet, for unlimited access to payroll data. These automated systems create transparency and eliminate overpayments for late arrivals, long breaks or early departures.**

To check in and out of work, employees either enter a personal pin number, swipe a magnetic stripe card or wave a proximity badge at a time clock terminal. Biometric time clock terminals verify employee identity using unique attributes, such as a finger scan or facial recognition.

Employee punch data is digitally transcribed and downloaded to your computer or uploaded to the internet where you can edit timecards, apply overtime, time off, meal breaks, and rounding rules, run reports and export data to payroll applications such as QuickBooks, ADP, or Paychex.

TIME CLOCK SYSTEMS

- Calculate worked hours
- Minimize employee time theft
- Integrate with payroll providers

TIME CLOCKS DEFINED

Document stamps or time stamps perform double duty to track employee time or stamp documents.

Document stamps, also known as time stamps perform multiple functions to serve a variety of business and industry needs. When used as a time clock, employees punch in and out on a time card to record arrival time, breaks and departure times. It can also be used to keep track of project time for job costing.

Alternatively, these business machines can also stamp the time, date and even pre-programmed messages on attendance logs, receipts, invoices, correspondence, legal paperwork, or anywhere you want an official time stamp.

Time and date stamps let you know when, any type of document or paperwork was received, processed or forwarded. Some document stamps even allow custom messaging or sequential page numbering. These machines are side loading to accommodate left or right hand printing orientation and varying document sizes.

DOCUMENT STAMPS

o Track employee arrivals, breaks & departures
o Time stamp important documents
o Print preset or custom messages

TIME CLOCKS DEFINED

Track employee time in rough n' tough work environments.

Heavy Duty Time Clocks are constructed of industrial-grade steel to hold up in harsh workplaces such as manufacturing plants, warehouses and garages. A textured powder coat finish resists grease and grime.

These rugged time recorders are available in standard, document stamp or auto totaling time clock variations. The steel case and tamper-proof security lock provide a rock solid solution for employee time and job tracking.

HEAVY DUTY TIME CLOCKS

- Constructed of heavy duty steel
- Grease and grime resistant
- Choose from multi-purpose time stamps or auto totaling models

PART TWO:
THE TIME CLOCK SYSTEM PLANNING PROCESS
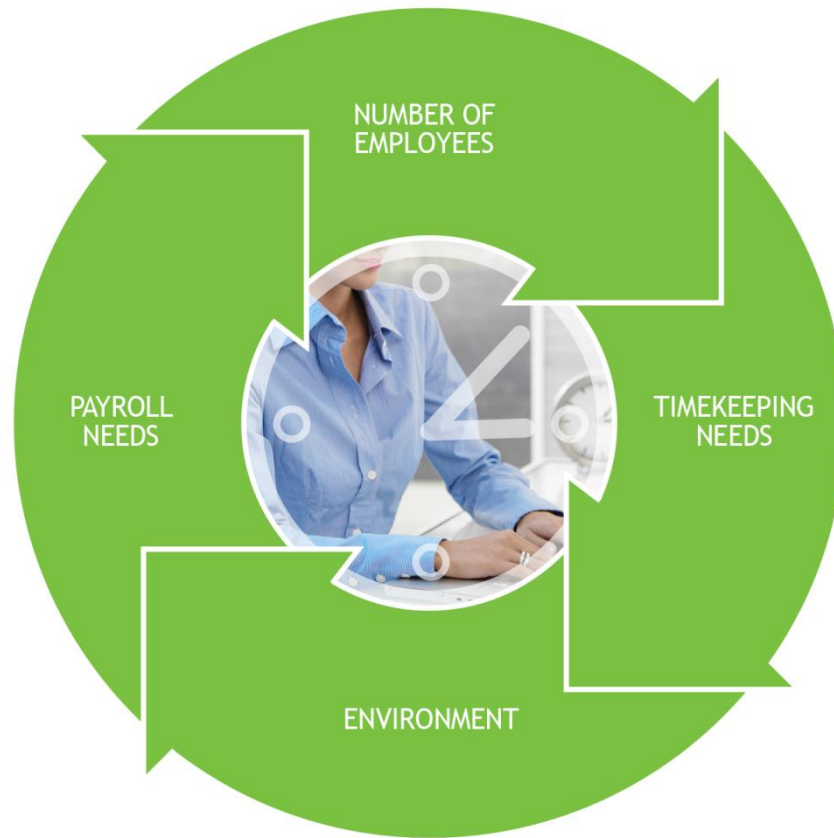
HOW TO CHOOSE THE RIGHT TIME CLOCK SYSTEM FOR YOUR BUSINESS

THE TIME CLOCK SYSTEM PLANNING PROCESS – part 1

Like any business system, you need to consider the individual needs of your business.
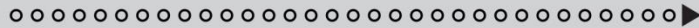
Planning for a Time Clock System

Now that you understand the benefits of Time Clock Systems and the different types of systems available, you need to consider the size of your workforce and facility, business and payroll needs, and the environment.

PLANNING PROCESS MAP

TIME CLOCK TYPE	# OF EMPLOYEES	FEATURES/NEEDS	ENVIRONMENT
Mechanical Punch Clock	Unlimited	Time Stamp, Employee Time Tracking, Pay Period Selection	Office, Retail, Hospitality
Document Stamp	Unlimited	Time Stamp, Employee Time Tracking,	General Office, Legal Office, School Administrative Office
Auto Totaling Time Clock	1-100	Time Stamp, Employee Time Tracking, Punch Rounding, Auto Time Calculations, Pay Period Selection	Office, Retail, Hospitality
Heavy Duty Time Clock	Dependent on time clock type	Time Stamp, Employee Time Tracking, Steel Construction	Industrial, Garage, Manufacturing, Warehouse
Swipe Card Time Clock System	Unlimited	Employee Time Tracking, Payroll Reports, Payroll Editing, Payroll Provider Compatible	Office, Retail, Hospitality, Expansive Facility
Proximity Time Clock System	Unlimited	Employee Time Tracking, Payroll Reports, Payroll Editing, Payroll Provider Compatible	Industrial, Garage, Manufacturing, Warehouse, Expansive Facility
Biometric Time Clock System	Unlimited	Employee Time Tracking, Payroll Reports, Payroll Editing, Payroll Provider Compatible, Time Theft Protection	Office, Retail, Hospitality, Expansive Facility

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SAVING LABOR & PAYROLL COSTS

Depending on the type of clock system you choose, you can save thousands of dollars in labor and payroll costs.

Savings Per Employee.
Optimize employee time, maintain accurate time records, protect against costly time theft, promote timeliness and improve productivity in the workplace with time clocks, automated time clock systems and document stamps. How much you can save depends on the type of system you choose.

Time clocks accurately track employee hours, auto-totaling time clocks eliminate payroll errors and quicken payroll processing time, while automated time clock systems record employee hours and prepare payroll with accuracy and speed, and in some cases eliminate employee time theft.

SAAS (software as a service) Systems, or cloud based time and attendance can save a company up to 20 minutes per employee per day! To calculate your actual savings, visit pyramidtimesystems.com/savingsperemployee/timeandattendance

Savings per Employee Rating
Manual Time Clocks

Time Clocks	Time Clocks & Document Stamps	Auto Totaling Time Clocks
6 MINUTES	6+ MINUTES	13 MINUTES

Software Based Time Clocks

PC System	Swipe Systems	Proximity Systems	Biometric System	SAAS Systems
16 MINUTES	17 MINUTES	18+ MINUTES	19+ MINUTES	20 MINUTES

Ratings represent total minutes saved per day per employee.

TIME TO PUT YOUR KNOWLEDGE TO GOOD USE.

We understand that choosing a time and attendance system can be a daunting task-that's why we've taken the guess work out of your work. Just use the information here to help you select the perfect Time Clock for your workplace and payroll requirements.

Need more info?

Contact our Time Clock Info Center at 888.479.7264
or visit pyramidtimesystems.com.

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Glossary of terms.

Auto Aligning Time Clock - automatically imprint the time on a punch card in the appropriate *In* or *Out* column.

Auto Totaling Time Clock - automatically total payable time between punches and calculate total time worked for pay period.

Buddy Punching - when an employee clocks in ("punches in") their co-worker when their co-worker is late or absent from work.

Biometric Time Clock Systems – use unique attributes, such as a finger scan or facial recognition, to positively identify employee and record start and stop times

Cloud Based Time Clock Systems – use pin #, swipe card, proximity badge or biometric time clock terminals to collect start and stop times which are then uploaded to the internet for payroll management.

Document Stamp - imprint date and time on punch cards and documents. Some models also imprint pre-set business messages.

Employee Time Theft - occurs when an employee accepts pay from their employer for work that they have not actually done.

Proximity Time Clock Systems – use Radio Frequency Identification (RFID) badges to record employee start and stop times.

Software as a Service (SAAS) – a software distribution model in which applications are hosted by a vendor or service provider and made available to customers over a network, typically the Internet.

Swipe Card Time Clock Systems – use a magnetic stripe card to record employee start and stop times.

Time and Attendance – The process of recording when employees start and stop work.

Time & Attendance System - automated software-based time and attendance system using time clock terminals to record and send punches to a desktop PC or the internet.

Time Clock - a clock that stamps starting and stopping times on an employee's time card.

ABOUT THIS GUIDE

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About Pyramid Time Systems.
Pyramid Time Systems empowers organizations worldwide with easy-to-use and intuitive synchronized clock systems, time clocks, documents stamps and time clock systems designed to optimize productivity, reliability and efficiency. Our products help manage the workforce, streamline processes, and minimize operating costs.

Headquartered in Meriden, Connecticut, Pyramid Time Systems provides timekeeping products to thousands of enterprises and small companies across a wide array of industries. For more information, visit **pyramidtimesystems.com.**