Title – Uncompensated Overtime

EXAMPLE A: Effective Rate Worksheet

Exempt Employee	Salary	Hrly Rate (based on 2,080) (1)	Total Hrs Worked (per t/sheets)	Direct Hrs	Direct Dollars	% Direct (2)	Indirect Hrs	Vaca Hrs	Vaca Dollars	Sick Hrs	Sick Dollars	Holiday Hrs	Holiday Dollars	Hrs > 2,080 (3)	Uncomp OT
John Doe	$110,000	$52.88	2,456	2,078	109,884.64	85.00%	146	145	7,667.60	29	1,533.52	58	3,067.04	376	$19,882.88
Jane Day	$105,500	$50.72	2,123	1,595	80,898.40	75.00%	328	130	6,593.60	26	1,318.72	44	2,231.68	43	$2,180.96
Total			4,579	3,673	190,783.04		474	275	14,261.20	55	2,852.24	102	6,639.04	419	$22,063.84

ICR Adjustments:

Direct Labor	$18,536	(1)*(2)*(3) for <u>each</u> employee
Indirect Labor	$ 3,527	(1)*1-(2)*(3) for <u>each</u> employee

Payroll Variance/Uncompensated Overtime ($22,063)

The firm was recording all hours worked on timesheets. However, this firm had recorded their labor at the "effective rate", not based on the standard 2,080 hours per year. Effective rates are computed weekly, based on actual time charges. If the Consultant records labor at effective hourly rates, then an adjustment must be made at year end to convert to the standard hourly rate. The total number of direct hours (for instance) is multiplied by the difference between standard and effective hourly rates.
The difference between the labor totals at the effective rate, and the labor totals shown on the worksheet based on 2,080 hours is our adjustment.

Uncompensated overtime adjustments apply to direct and indirect only. The Paid Time Off (PTO) categories are used only to arrive at total hours worked. The main purpose of the uncompensated overtime worksheet is to correct direct and indirect labor as needed, we typically don't make an adjustment for PTO.