



# Labour costing the smartly way.

Assign employee hours and more across accounts, departments and jobs. A complete guide to labour costing.



**LABOUR? HARD  
WORK? GET IT?**

The screenshot displays the 'Normal pay details for Ben Beat' page in the Smartly system. It includes a navigation menu on the left, a main content area with a table of job details, and a summary section on the right.

| ACCOUNTING CODE | QUICK CODE | HOURS |
|-----------------|------------|-------|
| 605             | 01         | 2.50  |
| 601             | PS-J1      | 15.50 |
| 602             | PS-J2      | 6.50  |

| INTEGRAL PAY | HOURS | RATE    | AMOUNT  |
|--------------|-------|---------|---------|
| Wages        | 24.5  | £ 29400 | £728.63 |

| ALLOWANCES                         | QUANTITY | RATE | AMOUNT |
|------------------------------------|----------|------|--------|
| COVID-19 Leave Payment ( taxable ) |          |      | 50.00  |

Total Earnings: £728.63





# Getting costing right has never been simpler

Labour costing shouldn't be hard work! This guide shows you how to set up your Smartly site so you can assign employee hours across accounts, departments and jobs.



## **This guide covers:**

3. Planning your cost structure
3. Setting up your cost structure
5. Setting up costing for your employees
9. Costing through the Smartly app
10. Adding or amending costing details in a pay packet
11. Exporting pay details to Xero
12. Costing report

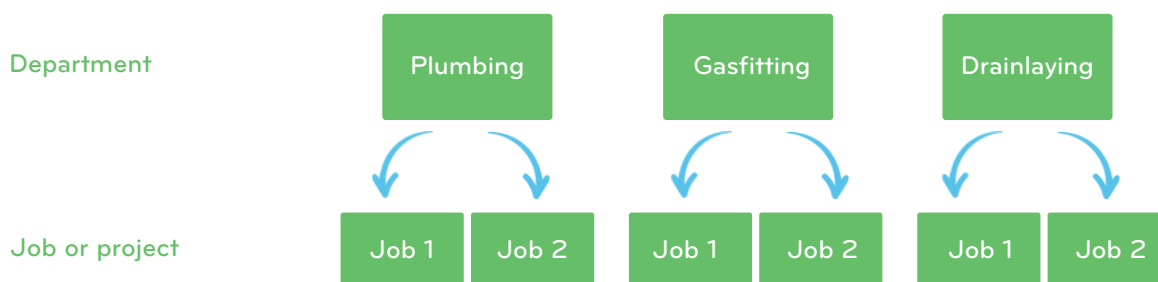
# Planning your cost structure

Smartly's costing structure is a tiered system, allowing you to split your costs across different departments, projects or jobs.

- 1 Departments – This lets you break your labour costs down by team or department for example.
- 2 Project/Job – Details related to specific projects or jobs.

You can have as many tiers as you need.

For example, a small business offering plumbing services may have the following structure:



Before you start your set up, we recommend planning your costing structure first. Using a simple flow chart like the one above, or laying it out on a spreadsheet, will make the set up a lot easier.

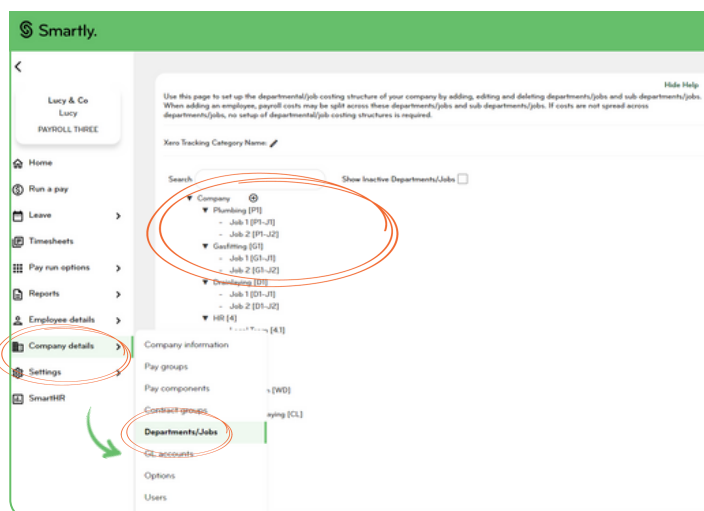
*i* We'll refer back to this example cost structure throughout the guide to describe different scenarios.

## Setting up your cost structure

To set up your cost structure go to 'Departments/Jobs' in the 'Company details' section. You will see a default item called 'Department1' which you can either delete or rename during the set up process.

Using the example of the plumbing company above, the steps below show you how to set up a single three tiered cost structure.

- 1 Go to 'Departments/Jobs' in the 'Company details' section.
- 2 Click on the + icon next to 'Company' to set up your 1st tier and a pop up window will appear.
- 3 Description = full name (of the department/project/job etc)  
Accounting code = Xero code that you use for this department/project/job  
Quick code = quick reference code for timesheet input via payroll or Smartly App
- 4 Click 'Save'.



- 5 Next, add the jobs/projects that fall under each of your departments using the + icons next to each, again following the same process as steps two to four.



**Department/Job Details**

Parent

Description

Accounting Code

Quick Code

Active

Your structure should now look something like this. You can set up as many tiers as your business needs.

The screenshot shows the Smartyly interface with a sidebar on the left containing navigation options like 'Home', 'Run a pay', 'Reports', 'Employee details', and 'Company details'. The main content area shows a tree view of the departmental structure. A callout box highlights the 'Company' header and its sub-departments: Plumbing [P1], Gasfitting [G1], and Drainlaying [D1], each with two associated jobs.

### Deactivating/removing departments or jobs

Once a department or job has been used, you would not be able to delete it, but you can deactivate it if the department or job is no longer needed.

1. Hover your mouse over 'Company details' and then click on 'Departments/Jobs'.
2. Click on the edit pencil next to the department or job you'd like to remove.
3. Untick the Active box and click 'Save'.

If your employees have draft timesheets with any inactive departments/jobs, an error message will show when you try to submit your payrun. Ask your employees to remove these draft timesheets and then submit your payrun.

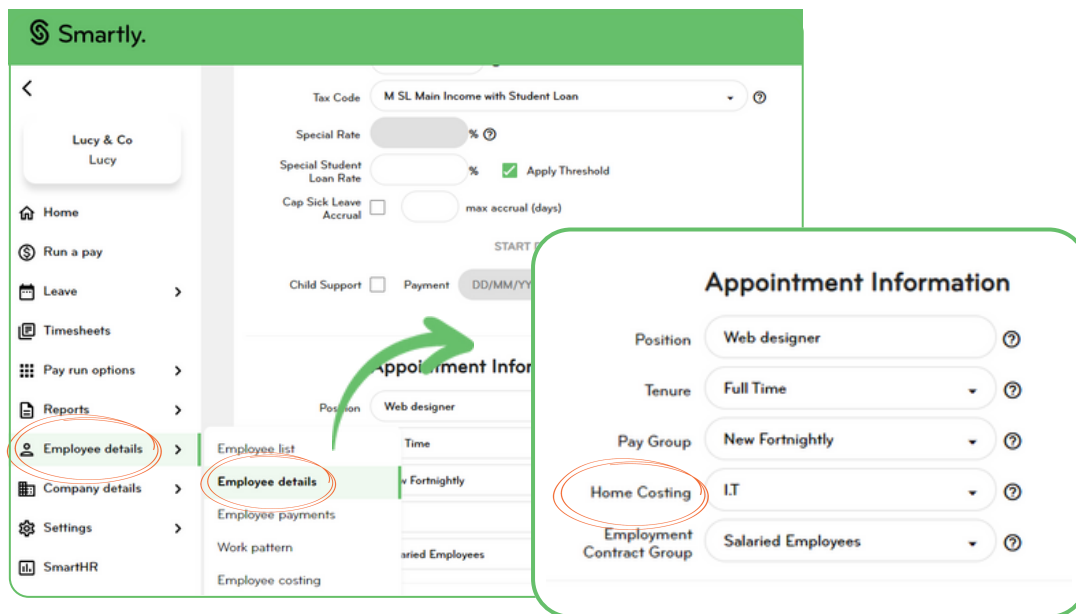
# Setting up costing for your employees

Employee details > Employee costing

Now that you have your costing structure set up, it's time to define where you want to cost your employee's hours, leave, allowances and any one-off payments.

## 1 Assign a home department

In the 'Employee Details' screen, there is a 'Home Costing' field. This will drive the default settings in the 'Employee costing' screen and cost everything to this department. This is also the department the employee will appear under in any general company reports.



## 2 Choose a costing option for hours worked

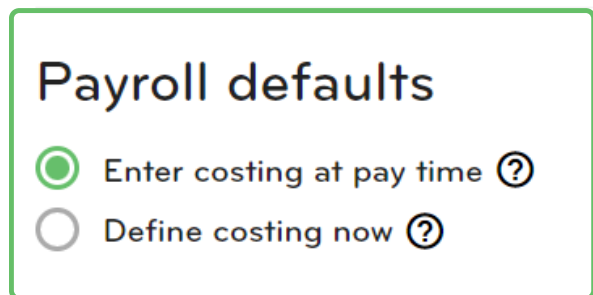
From the 'Employee costing' screen, there are two ways you can set up costing for the employee:

### Define costing now

This lets you set pre-defined costing allocations and is suitable for employees who work fixed hours across different departments or jobs/projects. You can either cost all hours to one place or create a percentage split across multiple areas. Once set up, hours will be costed automatically each pay.

### Enter costing at pay time

This lets you assign costs on a pay-by-pay basis and enables the timesheet costing field in the Smartly mobile app. Use this option for any employees working variable hours across more than one department, or working on multiple jobs/projects.



## How to bulk assign and remove departments/jobs for your employees

1. Once the department/job has been set up, click on the person icon next to the relevant entry.
2. A list of your employees will pop up and you can assign or unassign this department/job to your employees. Once you're finished, click 'Save'.

Please note if you need to unassign a department and it's listed as the employee's Home Costing department, or is one of the pre-defined percentage departments under 'Employee costing', you'll need to make this change under the relevant 'Employee details' sub menus. Refer to the [Bulk updating employees' departments or cost centres](#) articles for more information.

## How to assign and remove departments/jobs for each employee

1. Go to 'Employee details' and select 'Employee list'. Here you will highlight the employee you would like to assign or remove departments/jobs for.
2. Now click on 'Employee costing' from the left-hand taskbar and click on the 'Add departments/jobs' button at the top.
3. A pop-up screen will appear showing you the departments you can select from. Select the departments or jobs you would like your employee to choose from when they submit their hours using the Smartly mobile app. Click 'Ok' and make sure to click 'Save' at the bottom of the screen anytime you make changes.
4. If you want to remove any departments/jobs that are allocated to the employee, click on the rubbish bin icon next to the department/job and click 'Save' to register any changes.

The image shows a screenshot of the Smartly mobile app interface. The top navigation bar is green with the Smartly logo. The left sidebar contains a menu with items like Home, Run a pay, Leave, Timesheets, Pay run options, Reports, Employee details, Company details, Settings, and SmartHR. The main content area is titled 'Assign departments' and contains a table with columns for CODE and ASSIGNED DEPARTMENTS/JOBS. The table lists three entries: 1 Helpdesk, 2 IT (Home Department), and WD Marketing > Web design. Below the table are 'Save' and 'Cancel' buttons. A blue arrow points from the 'Add departments/jobs' button in the 'Assign departments' screen to the 'Employee Departments/Jobs' selection screen. The selection screen has a search bar and a list of departments with checkboxes: Helpdesk [1], IT [2], Finance [3], Billing [3.1], Arrears [3.1A], HR [4], Legal Team [4.1], FOH [FOH], Cleaner [C], Chef [Chef], Marketing [M], and Web design [WD]. At the bottom of the selection screen are 'Ok' and 'Cancel' buttons.



### Quick tip

Anytime you make a change to an employee's costing, please make sure to click 'Save' so the updated departments/jobs will be visible on your employee's mobile app.

## Define costing type for allowances, leave and one-off payments

The pay component costing section sets up your default cost allocations for allowances, leave and one-off payments. There are three options to choose from:

1. Cost to home department – Costs everything to the employee's home department.
2. Cost using pre-defined percentages – Splits costs based on the department percentages set above when you opt for 'Define costing now'.
3. Cost based on hours worked – Splits costs based on the amount of time an employee works across different departments. This option is only available when you choose 'Enter costing at pay time'.

## Enable costing in leave requests:

Employees can cost leave to a specific department or job when they submit their leave through the Smartly mobile app. To turn this functionality on, refer to the below steps:

1. Go to 'Employee details' and select 'Employee list'. Here you will highlight the employee you would like to enable costing in leave requests for.
2. Now click on 'Employee costing' and scroll down to the 'Pay component costing' section at the bottom. Check the 'Enable costing in leave requests' tick box and hit 'Save'. Once done, your staff will be able to cost their leave to a job or department from the list assigned to them.

| CODE   | ASSIGNED DEPARTMENTS/JOB                         |   |
|--------|--|---|
| 1      | Salary (Home Department)                         | 0 |
| 000003 | Salary > Labour                                  | 0 |
| Lab-2  | Salary > Labour > 1212 Victoria Street, Hamilton | 0 |
| Lab-1  | Salary > Labour > 353 Hukunui Road, Hamilton     | 0 |
| Lab-3  | Salary > Labour > Lakewood Townhouses            | 0 |
| Lak1   | Salary > Labour > Lakewood Townhouses > Block 1  | 0 |
| Lak2   | Salary > Labour > Lakewood Townhouses > Block 2  | 0 |
| Lak3   | Salary > Labour > Lakewood Townhouses > Block 3  | 0 |

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Payroll defaults

Enter costing at pay time

Define costing now

**Pay component costing**

Allowances: Cost based on hours worked

Leave: Cost based on hours worked  Enable costing in leave requests

One-off payments: Cost to home department

Save Cancel



NEW LEAVE REQUEST

LEAVE TYPE: Annual leave

COSTED TO: Lakewood Townhouses (Lab-3)

CHOOSE DATE(S): 02 May 2022 - 02 May 2022

UNIT: Hours DURATION: 900 Hours

BALANCE

Current balance: 2.36 Weeks (4768.65 Hours)

Accrued leave: + 0.92 Weeks

Approved requests: - 0.00 Weeks

Pending requests: - 0.00 Weeks

This request: - 0.20 Weeks

Projected balance: 3.08 Weeks (138.60 Hours)

HOME PERUS TIME SHEETS LEAVE MENU



### Quick tip

Line managers can still edit/change the employee's leave allocation via the manager's portal.



Add new leave request

Employee: Figueroa-Dalilah

Leave Type: Annual Leave

Costed To: Salary

Leave Date: From: 02/05/2022 To: 02/05/2022

Hours: 9

Leave Available After Request: 3.08 weeks (138.60 hours)

Comment:

Pay Now:

Save Cancel

**Scenario: Apprentice needs to help out another department, currently receives a fuel allowance.**

Let's say you've got a plumbing apprentice named Ben that will be helping out with drain laying jobs for the next few weeks. There's no fixed hours, the team just need an extra pair of hands during the busy periods as a team member has gone on leave. You may have Ben set up under 'Define costing now' because currently he's working fixed hours on two different plumbing projects. To account for his hours helping out the drain laying team, you have two options:

1. Leave his set up as 'Define costing now' but add the drain laying department and update your percentages, or;
2. Change his set up to 'Enter costing at pay time' and get Ben to allocate his time worked through the app, or you can cost his hours when you're running the pay.

Because the drain laying team only need Ben on an 'as needed' basis though, option two would be a more accurate way to split his hours worked across the two departments.

In this example, Ben also has a work van and is reimbursed for his fuel spend which is costed based on the pre-defined percentages. If you change to 'Enter costing at pay time' this will change to 'Costed based on hours worked'. If you wanted this to continue to be costed to the plumbing department you'd change your allowance costing to 'Cost to home department.' Ben's leave should continue to be costed to his home department.

**CURRENT SET UP**

Hours and allowances are split evenly across two jobs/projects. Leave and one-off payments go to home department.

| DEPARTMENT/JOB | PERCENTAGE |
|----------------|------------|
| Job 1          | 50 %       |
| Job 2          | 50 %       |

**Pay component costing**

Allowances: Cost using pre-defined percentages

Leave: Cost to home department

One off payments: Cost to home department

**OPTION 1**

Drain laying department added and fixed % split updated.

| DEPARTMENT/JOB | PERCENTAGE |
|----------------|------------|
| Job 1          | 45 %       |
| Job 2          | 45 %       |
| Drainlaying    | 10 %       |

**Pay component costing**

Allowances: Cost using pre-defined percentages

Leave: Cost to home department

One off payments: Cost to home department

**OPTION 2**

Change to enter costing at pay time. Allowances now being costed based on hours worked.

**Pay component costing**

Allowances: Cost based on hours worked

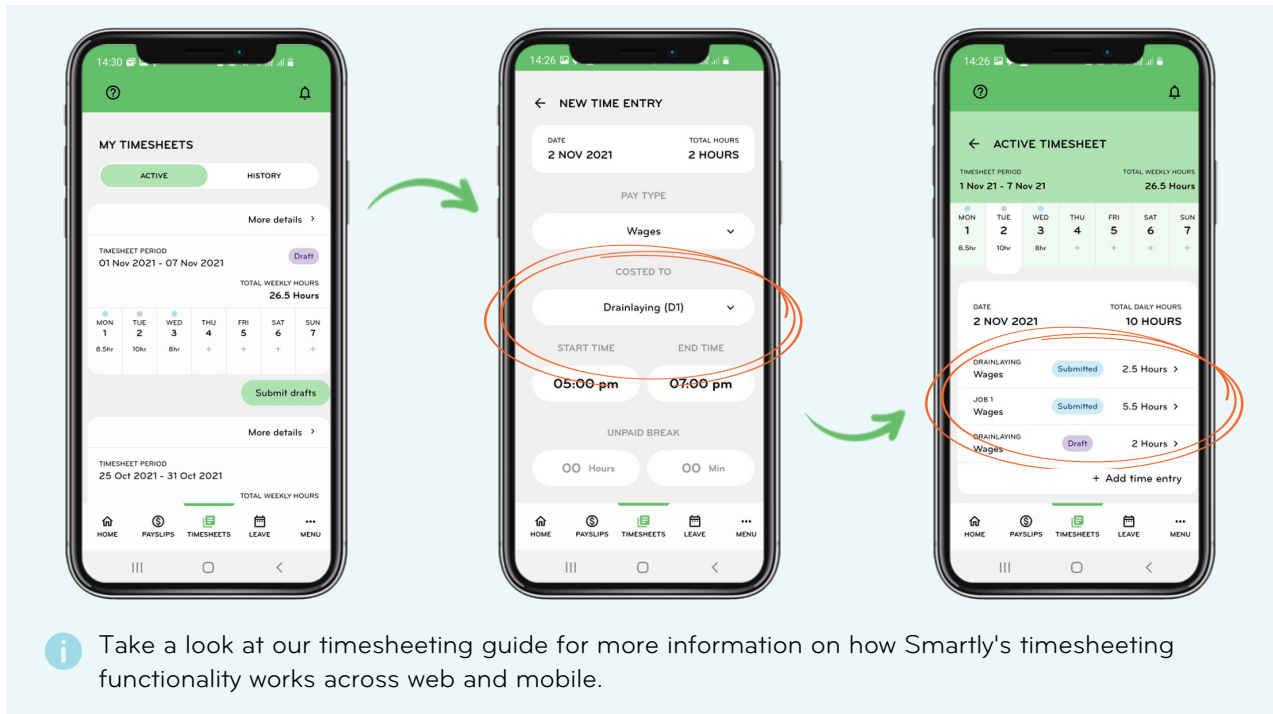
Leave: Cost to home department

One off payments: Cost to home department



# Costing through the Smartly app

Using 'Enter costing at pay time' also enables a 'Costed to' field in the Smartly app as shown below. When your employee adds an entry to a timesheet, they can choose what department or job/project to cost their hours to. An employee can enter in multiple timesheets for a day if required for different jobs. You'll just need to make sure the app is enabled and set up correctly.



## How to set your employees up on the Smartly app

- 1 Go to the 'Self-service' screen in the 'Company details' section.
- 2 Under 'Manage self-service', enter an email address and create a username for your employee(s). Tick on 'Enable self-service'.
- 3 Under 'Set permissions', tick on 'Apply for leave' and 'Enter timesheets'. For your line managers, also tick on 'Approve leave' and/or 'Approve timesheets'.
- 4 Under 'Assign approvers', choose their leave and timesheet approver.
- 5 Click 'Save'.
- 6 Click 'Set passwords'. Choose your employees and click 'Send'. Your employees will get a link to set up their password for their app.

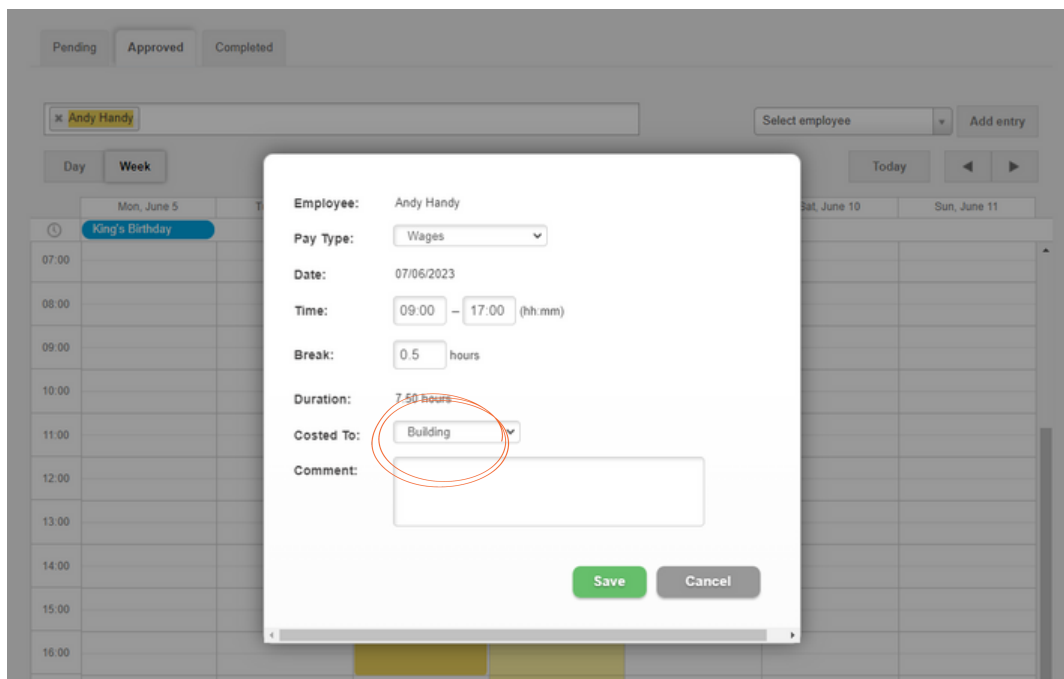
Note: You will need to tell the employee(s) the username you have set them. To make this task easier, we recommend you set the employee's email address as their username.

# Adding or amending costing details in a pay packet

Hours submitted through the Smartly app or the manager's web portal, once approved, will be added to the employee's pay. If you double click into the employee's pay, you'll see a costing table that breaks down what hours have been allocated to what department or job/project.

If everything has been approved all you'll need to do is save the pay packet.

If you need to reallocate hours or make corrections, click 'Timesheets' > 'Approved'. Double click on the entry you need to edit. Make the required changes and then click 'Save'.



# Exporting pay details to Xero

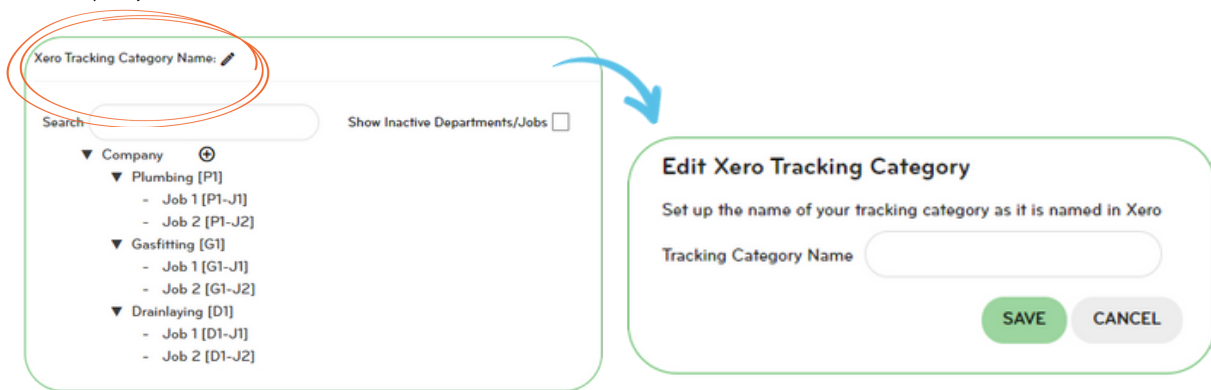
To export your cost structure direct to Xero you'll need to make the following changes. These are all specific to costing. For general Xero set up and how the data flows through, see our Xero integration guide.

## 1 Set up Xero tracking categories

Different areas of your business such as departments or locations can be configured in Xero under Tracking Categories. To find out more about how to set these up in Xero go to: <https://central.xero.com/s/article/Set-up-tracking-categories>.

It's important that the names are exactly the same in both systems. If there is an error with your data entry, the details will not feed through.

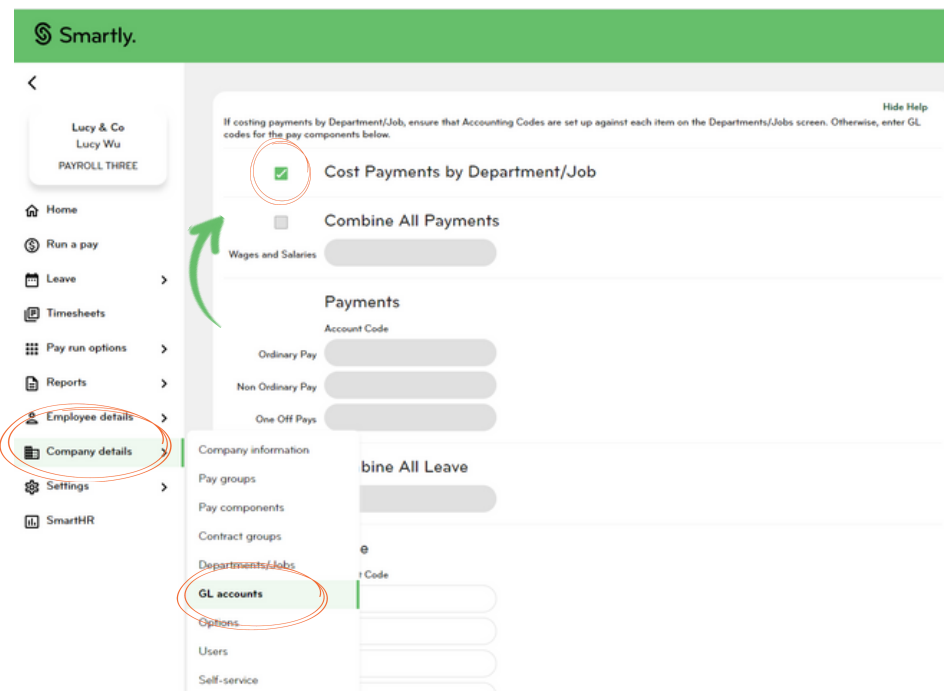
To edit your 'Xero Tracking Category Name' in Smartly go to the 'Departments/Jobs' screen under 'Company details'.



## 2 Enable 'Cost payments by Department/Job'

Go to GL Accounts and tick the 'Cost Payments by Department/Job' checkbox. This feature enables the 'Export using Xero costing structure' checkbox on the 'Export Pay Details' screen under 'Pay run options'.

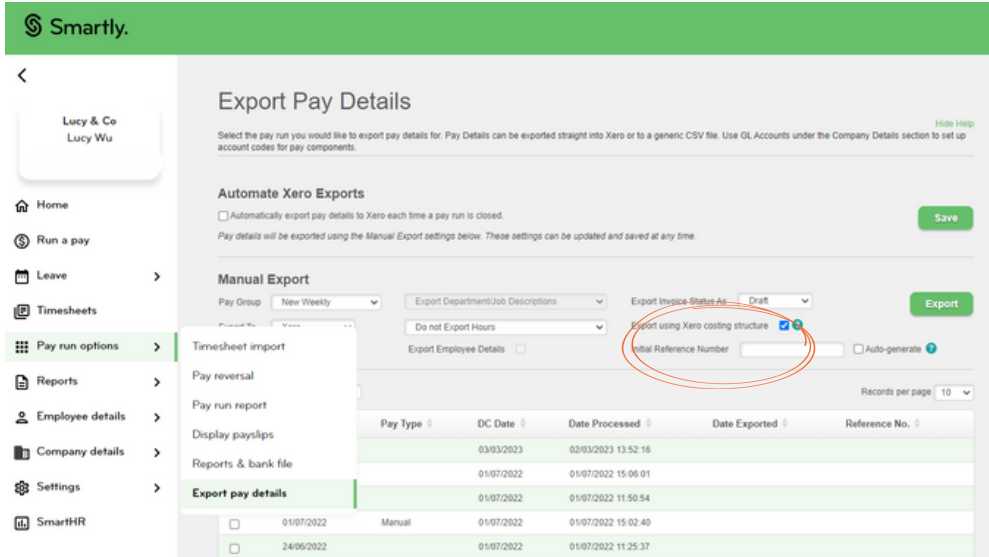
Note: All other Xero codes (eg. Allowances, Deductions etc) need to be entered for it to export to Xero.



### 3 Export your Xero cost structure

Now go to the 'Export pay details' screen under 'Pay run options' and tick the 'Export using Xero costing structure' checkbox in the 'Manual Export' section.

When you select this feature, 'Export Department/Job Descriptions' will be set as the default export option for every pay run. You can also tick on 'Automatically export pay details to Xero each time a pay run is closed' and save it so that the export will happen automatically.

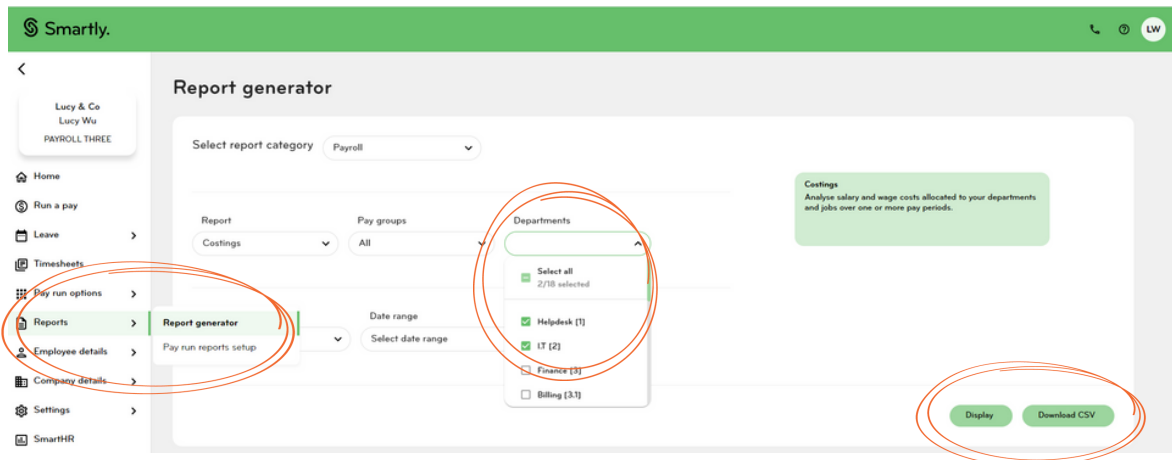


## Costing report

If you want to see a breakdown of how much money was spent across different departments, download a 'Costing report'.

Go to the 'Report generator', put in the following criteria and choose to display a PDF or download a CSV:

1. Select report category = Payroll
2. Report = Costings
3. Pay groups = Choose your pay group or 'Select all'
4. Departments = Choose your department and/or job or project
5. Period end date = Choose relevant pay period OR input a date range.



# We're here to help

For information or answers to simpler questions head to our online help centre. Otherwise, if you've got something niggly or urgent that you want to chat through with an expert – we've got you!

Our customer support team can be reached on 0800 10 10 38, Monday to Friday, excluding public holidays.

*HELP LINE, ONLINE, CHAT LINE,  
ONE-LITTLE-QUESTION-LINE.  
SMARTLY HAS MORE WAYS TO  
HELP SORT YOUR PAYROLL.*

