

Fourth USA Payroll Operations Service Definition

Purpose

This Fourth USA Payroll Operations Service Definition, as amended by Fourth USA Inc. from time to time, defines Fourth's USA payroll operations service ("Payroll Operations Service" or "Service") and forms a part of, and the provision of the Payroll Operations Service is subject to and governed by, Fourth USA Inc.'s Subscription Agreement (which can be found at www.fourth.com/agreements) in all respects. Terms used in this document and not otherwise defined shall have the meanings given to them in Fourth USA Inc.'s Subscription Agreement.

Fourth and the Customer will work jointly to:-

- ensure the smooth processing of the Customer's payrolls.
- ensure accurate, high quality, complete and timely production of each payroll.
support continuous improvement and automated processes.
- keep lines of communication open between the parties.
- measure, review and improve Service quality.

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Documentation

Scope of this document

This document explains the scope of Fourth's USA Payroll Operations Service, covering the implementation and transition process through to on-going service delivery and subsequent assessment.

By signing the Fourth USA Inc System Schedule and Subscription Agreement, of which this forms part, the Customer accepts this document as the current definition of the Payroll Operations Service, which is subject to change based on best practice and procedures. The operational processes and procedures relating to the Customer's live payroll solution, which are specific to the Customer's requirements, will be documented in the Payroll Procedures Manual ("**PPM**"), which is prepared during the three-month project stage.

If there shall arise any conflict in content, then the following order of precedence shall apply:-

- Fourth USA Payroll Operations Service Definition (i.e. this document); and
- Payroll Procedures Manual (current working version).

Changes to this document

This document is produced by Fourth and any amendments to the document will be made by Fourth.

This document has been written based on current best practice. Fourth constantly assesses best practices and therefore reserves the right to make amendments to this Fourth USA Payroll Operations Service Definition, which may change the way that the Payroll Operations Service is delivered. By entering into the Agreement with Fourth, the Customer accepts that the Payroll Operations Service being delivered is subject to change including the service and module summaries contained within this service definition or otherwise.

Summary of Service

	Bronze	Silver	Gold	Additional Extras
Communication				
General payroll inquiries	✓	✓	✓	
Dedicated Payroll Specialist	✓	✓	✓	
Communication with Key Contact(s)	✓	✓	✓	
System Related inquiries	✓	✓	✓	
Data Input				
Garnishment Input	✓	✓	✓	
HR Uploads (salary changes)				✓
Processing				
Payment and deduction processing	✓	✓	✓	
Pro rata payments for New Hires/Terminations	✓	✓	✓	
Process of Backdated Salary Increases	✓	✓	✓	
Expense/Tips/Schedule Processing	✓	✓	✓	
Calculation of Vacation Accrual/Final Holiday Pay	✓	✓	✓	
Paid Time Off (PTO) Management			✓	
Electronic On boarding		✓	✓	
Workers Compensation Injury Case Management			✓	
E Verify (as requested)		✓	✓	
Benefit Plan Deduction Administration			✓	
Output				
Creation and submission of ACH files	✓	✓	✓	
Additional ACH files				✓
Electronic Payslips /Self Service	✓	✓	✓	
Time and attendance (POS) Payroll Feed	✓	✓	✓	
Payroll Reports	✓	✓	✓	
Tax Filing and Reporting	✓	✓	✓	
Garnishment Payment Service			✓	
ACA Reports	✓	✓	✓	
On-line access to employee HR Records	✓	✓	✓	
On-line access to Payslip history	✓	✓	✓	
Pay Card Payment Provider	✓	✓	✓	
GL Reporting	✓	✓	✓	
Workers Compensation Salary Reporting		✓	✓	
New Hire Reporting		✓	✓	
Applicant Tracking & Job Board Posting			✓	
Changes and corrections				
Correction of Customer Error requiring re-calculation				✓
Additional Services				
Payroll Timetable	✓	✓	✓	
Company Setup/Pay Basis Setup				✓
Payment/Deduction Type Setup	✓	✓	✓	
Manual Calculations				✓
Statement of Earnings				✓
Custom Reports				✓
Payroll Procedure Manual Maintenance	✓	✓	✓	
Quarter & Year End				
Production and distribution of electronic W-2 & 1095	✓	✓	✓	

Fourth USA Payroll operates from 9:00 am to 5.30 pm EST Monday to Friday. The operation is closed on public holidays.

Exact functions and details of the services provided are subject to agreement during implementation and are detailed in this Service Definition & PPM
The Customer may incur a charge for any additional services not listed above

Payroll Timetable, Data Format and Annual Events Calendar

Payroll Data Submission Times

The following table shows the latest dates by which data can be received by Fourth for the current period i.e. Input needs to be received at Fourth pay date less **x number** of working days. Fourth cannot guarantee accuracy if corrections are sent after the agreed deadline.

Payroll Frequency	Input Received Pay day less (Working Days)
Monthly	-6
Bi Weekly, Semi Monthly & Weekly	-5

Payroll Timetable

Schedule Title	Description
Schedule Approval	All payroll data including schedule submissions and payroll uploads must be submitted to Fourth by this date and time.
Payroll Preview	The time and date the preview will be available for the Customer to view & carry out the relevant validation checks
Critical Amendments Received	The Time and Date Fourth must receive any critical amendments to the payroll. Changes that will be accepted are: <ul style="list-style-type: none"> Any Fourth errors; or Amendments to avoid leavers being overpaid
Payroll Approval	The date and time the payroll must be approved to enable Fourth to guarantee employees being paid.

Prior to the beginning of each tax year Fourth will issue a revised timetable to the authorized payroll contact. The Customer should review all of the dates and issue confirmation in writing to Fourth. If no written confirmation or amendments are sent from the Customer within 15 Business Days of date of issue of the revised timetable, Fourth will assume that the dates contained in the timetable is correct, including pay date, and will use the dates to schedule the payroll data.

Method of Data Provision

Payment/Deduction Type	Format Received
Bonus	Customer inputs information via upload template directly into the system.
Additional Hours Worked	Customer inputs information directly into the schedule
Tips	Customer inputs information directly into the schedule
Variable Deductions	Customer inputs information via upload template directly into the system.

The Customer is responsible for uploading data in the correct format directly into the payroll system. If unsure, please check with Fourth.

Project Stages

Before any project commences Fourth and the Customer will complete a Statement of Work (“SoW”) which describes the Services to be delivered by Fourth and the Customer. The SoW consolidates the knowledge and insight gained through the early pre-sales stages, and all updates to the scope that have been discussed with the Customer since. The SoW will ensure clarity for both Fourth and Customer on what will be included in the implementation. The SoW details Fourth’s and the Customer’s responsibilities necessary to implement the payroll prior to go live (the Solution Provision Date).

Project Stage – Fourth’s Objectives/Activities

- Initial introductory telephone call, followed by a full conversation in order to understand the Customer’s payroll requirements in detail and how to configure the payroll module in the best way to achieve this given the information provided by the Customer.
- Allocation of a Project Team, including a Payroll Operations Manager and a Payroll Specialist.
- Agree a go live date with the Customer and develop a Project Plan for all phases and tasks up to and including go live (the Solution Provision Date). This includes the task of migration of payroll data from the Customer’s existing payroll system. The Project Plan will define for both parties the respective deadlines and other obligations to be undertaken in line with the SoW.
- Carrying out a historic run; checking results and identifying/resolving any discrepancies. A historic run may not be necessary if the Customer is;
 - going live in the first period of a tax year; or
 - a new business and has not paid any employees previously.
- Gain the Customer’s agreement and sign off throughout the implementation process, and for transition to the on-going Service.

Project Stage - Customer Responsibilities

- Provide the required data (including details of the employee payroll records) in the agreed Fourth format for uploading into the module.
- Provide details for all data required to configure the solution for all **BRONZE**, **SILVER** and **GOLD** packages.
- Manage communication within the Customer’s organization of the change to Fourth as a payroll provider and ensure that the relevant teams understand all these responsibilities.
- Allocate a key payroll/project contact to be involved in all phases of the project, including go-live.
- Keep Fourth advised of any changes or circumstance that would impact the migration process to Fourth.
- Comply with the mutually agreed deadlines in line with the project plan and SoW.
- Manage all contact with their existing payroll supplier/services.
- Supply all necessary documents requested by Fourth – in the agreed format.
- Check, and formally sign off, each step of the migration phase as follows:
 - the Payroll Procedures Manual;
 - historic run results (if appropriate);
 - live Run; and
 - Implementation Completion

Communications

Key Contacts

Each party shall provide the other with timely access to an appropriately qualified Key Payroll Contact to act as a communications point. From the Customer's side, this person will be referred to as the 'Customer Key Payroll Contact'.

Each party shall provide and maintain for the other the following information for the Key Payroll Contact:-

- Full name
- Job Title
- Contact Address
- Direct telephone number (Customer to provide)
- Email address (both parties)
- Out of hours contact number

Fourth Contacts

Fourth will provide a key contact during project stage, and one during the live running stage. Each Payroll Specialist is part of a processing team that has a key payroll contact within it. All parties within the operations are payroll experts who are available to answer telephone/email queries.

Customer contacts

The Customer should provide;

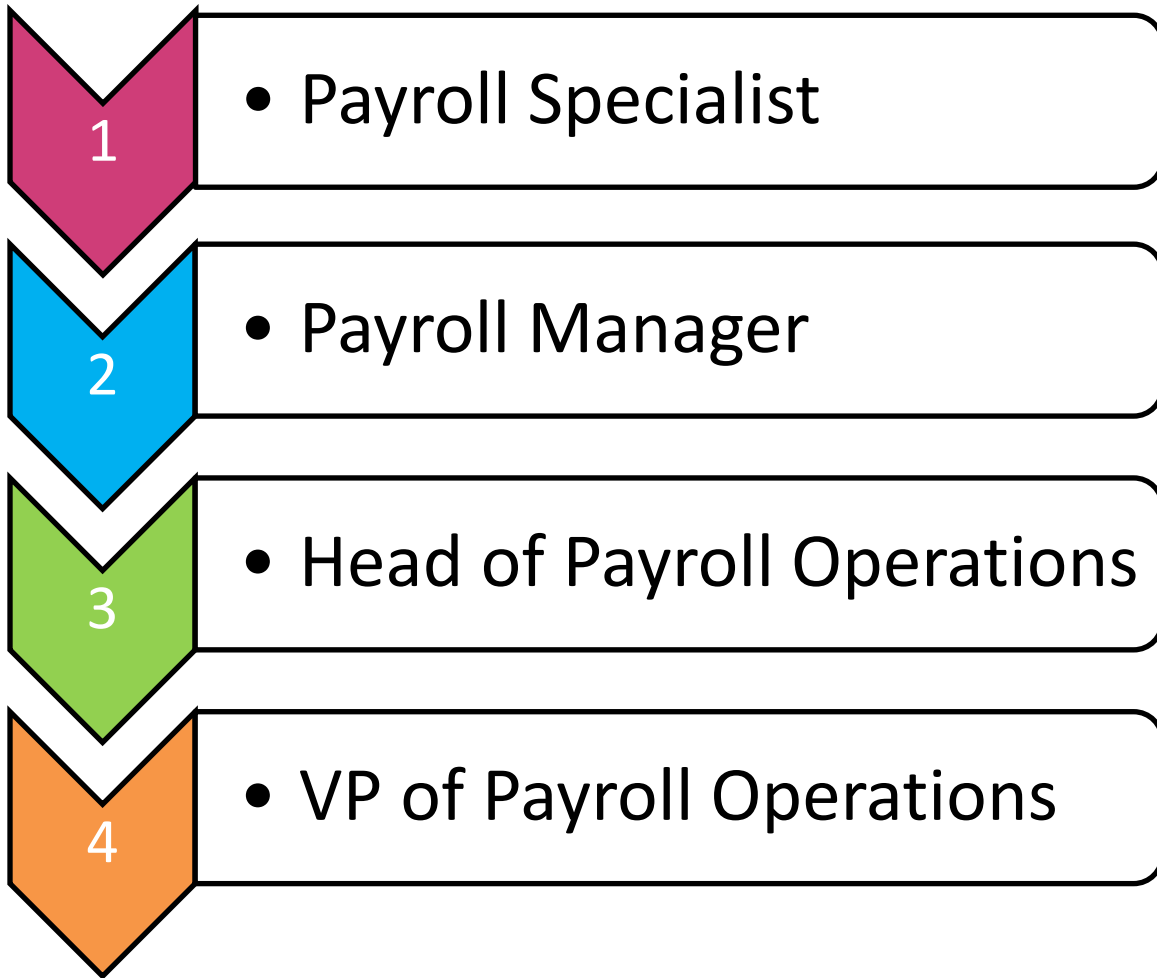
- A key contact point for all payroll related queries and should be the one key contact for overall communication that relates to the payroll.
- One other named contact to deal with overall payroll related queries.
- And maintain at least one out-of-hours contact telephone number for use in emergencies only.

Fourth will communicate with designated payroll contacts only and contact details should be limited to those contacts. If written authorisation has not been sent to Fourth to authorise a new contact, then any emails or calls will not be accepted as they will remain un-authorised. The Customer must not provide Fourth's contact details to any unauthorized contacts including employees.

Escalations

An escalation path will be provided for use if required to address any service and quality issues. Contact details for these roles will be maintained in the Payroll Procedures Manual.

The contact structure is as follows:



Telephone/Written Communication

Fourth is committed to working with the Customer on the following:

Category	Action
Non Urgent	<p>Payroll related queries submitted by the Customer to Fourth via payrollusa@fourth.com should be responded to within a 48 hour turnaround. Should this not be achievable due to levels of investigation then within this timescale Fourth will provide an update on progress and set expectation for full resolution.</p> <p>Examples of non-urgent queries are:</p> <ul style="list-style-type: none"> • Day to day queries relating to employees payments or deductions • Queries regarding historical payment periods • Requests for information
Urgent	<p>Payroll related queries submitted by the Customer to Fourth via payrollusa@fourth.com should be responded to within a 24 hour turnaround. Should this not be achievable due to levels of investigation then within this timescale Fourth will provide an update on progress and set expectation for full resolution.</p> <p>Examples of urgent queries are:</p> <ul style="list-style-type: none"> • Queries relating to any employee overpaid as a result of a Fourth error • Queries for information that is time critical (i.e. urgent information for third parties such as Court Orders or information that is required prior to the Customer being able to submit their payroll information within 48 hours of their data submission deadlines as agreed in their schedule. • Queries relating to Fourth post payroll errors. <p>Please ensure that “Urgent” is the first word in the subject line of the email. If ‘Urgent’ is not in the subject, then Fourth may not treat the email as urgent. It is the Customer’s responsibility to ensure emails are marked correctly.</p>
Critical	<p>Payroll related queries requiring immediate response should be made via telephone call or e-mailed to payrollusa@fourth.com and followed up with a telephone call to highlight the urgency.</p> <p>Examples of Critical Payroll Related Queries that need attention immediately are:</p> <ul style="list-style-type: none"> • Queries that relate to the payroll being processed within 4 hours of the payroll Sign off deadline • Queries that relate to high risk problems with making payments to employees on time or may impact the submission of direct deposit on time. • Queries that require the team to investigate immediately due to the query/issue being time critical i.e. would result in the situation being made worse if it had a waiting time of 24 hours. <p>Please ensure that “Critical” is the first word in the subject line of the email. If ‘Critical’ is not in the subject, then Fourth may not treat the email as urgent. It is the Customer’s responsibility to ensure emails are marked correctly.</p>

Should any of the resolution times above not be achievable, Fourth will provide the Customer with at least 2 hours’ notice ahead of the deadline and mutually agree an achievable alternative delivery time

System Related Enquiries (Help Desk)

Description of Services	Standard Days/Hours of Service
<p>Standard System Support: Telephone, email and Customer support is available during standard support times</p> <p>Extended support is available for critical issues outside of standard support hours. During the extended service period the caller may be connected to a member of the Fourth out-of-hours support team.</p> <p>Problems that require development or database changes cannot be dealt with in the extended service period, workarounds will be provided and these issues are given high priority in the morning of the next working day. The Customer will be given an update to the status of its issue at that time.</p>	<p><i>Standard support: 24 Hours, Monday-Sunday</i></p> <p><i>Including weekends and public holidays</i></p> <p>1 855 664 8234</p>
<p>Payroll Support is available by telephone</p>	<p>Payroll support: 09:00am to 5:30pm EST Monday – Friday, excluding federal holidays.</p>

Payroll Service Support – Fourth Objectives

- Advising the Customer of any service delivery problems caused by the quantity or quality of any input received from the Customer and working with the Customer to devise and implement a plan to resolve.
- Service Reviews. These will be scheduled by agreement with both parties. This frequency may be varied by the agreement of both parties.
- Service Reviews will be by telephone.
- The results of the Service Review will be recorded for reference
- At each Service Review, Fourth shall discuss the service delivered, previous payroll runs, and any future developments that need to be planned.
- A Service Review will be held whereby Fourth and the Customer will discuss the service, raise any issues, and promote improvements in practice procedures or documentation.

Service Support - Customer Responsibilities

- Advising Fourth of any changes to Customer key contacts.
- Advising Fourth of any changes to Customer site contacts.
- Advising Fourth of any significant change to the payroll size or internal organisation, which may affect the operation of the payroll service.

Payroll Operations – Fourth’s Objectives

Data Input & Processing

- Obtaining the Customer’s sign off for the Payroll Procedure Manual and maintaining the Payroll Procedure Manual.
- Processing input received from the Customer in the agreed format, provided that:-
 - any such information bears the appropriate authorization from the Customer;
 - input is received by the agreed cut-off date;
 - all procedures detailed in the Payroll Procedure Manual in respect of the particular type of data are followed by the Customer; and
 - all documentation includes the unique employee number.
- Calculating pay, associated earnings and deductions from pay (including statutory and voluntary deductions), based solely on the inputs and other information provided by the Customer, in accordance with the procedures and rules contained in the Payroll Procedures Manual. All calculations are subject to Customer approval prior to final payroll being run.
- Calculate pro rata payments for new hires and terminations
- Calculate PTO accrual automatically via the solution
- Automatically backdate salary changes where applicable via the solution
- Benefit plan setup and deduction administration where chosen by Customers on Fourth’s **GOLD** package
- Management of PTO plans which includes setup of any new plans and enrolment for new hires. This is only available on the **GOLD** package
- Workers compensation injury case management where chosen by Customers on Fourth’s **GOLD** package
- E-Verify where chosen by Customers on Fourth’s on the **SILVER** and **GOLD** package
- Configuration and setup of on boarding system where chosen by Customers on Fourth’s **SILVER** and **GOLD** package
- Configuration and setup of applicant tracking system where chosen by Customers on Fourth’s **GOLD** package

Validation

- Check all emails associated with the current payroll have been actioned by agreed deadline
- Check all submitted schedules that have been transmitted have been processed in the current payroll run.
- Validate employees that have changed from one payment type to another i.e. salaried to hourly.
- Reasonability check performed on terminated employee’s final pay.
- Employees have the correct benefits deduction based on information provided by the customer. This is available for Customers on Fourth’s **GOLD** package.
- Check employees are assigned to the correct PTO plan. This is available for Customers on Fourth’s **GOLD** package.

- Complete a hospitality specific audit of payroll to identify items that require additional review by the customer
- Check the payroll has been approved and the ACH file submitted.
- Check the ACH has been sent correctly and has been confirmed.

Output

- Creation and submission of the ACH file.
- Submission of tax payment files and reporting.
- Preparing & distributing paystubs via Electronic Self Service.
- Retaining records of standard ACA reports.
- Garnishment payment – available for Customers on Fourth’s **GOLD** package
- Retaining records of standard payroll reports.
- Production and distribution of electronic W2.
- Payment will be sent to the employees based on the payment option agreed
- Production of a standard check journal that breaks down both employee and employer costs.
- Workers compensation salary reports - available for Customers on Fourth’s **SILVER** and **GOLD** packages.
- Retaining standard new hire reports - available for Customers on Fourth’s **SILVER** and **GOLD** packages.
- Applicant tracking and job board posting system is available for Customers on Fourth’s **GOLD** packages.
Note: Applicant tracking is a 3rd party provider.
- All manual payments, subject to the volume, will be calculated by Fourth and the results, together with supporting documentation where appropriate, will be provided to the Customer for approval within 24 hours (1 working day) of the original request. Where this is not possible Fourth will contact the Customer to advise of the alternative timescale. See ad hoc/additional work request for charges.
- Any request for manual payments between the scheduled data input cut-off time/date and the payroll transmission to ACH will be responded to on the next working day after the ACH sending date.

Payroll Operations - Customer Responsibilities

- Ensure that all updates or changes are made available to Fourth as per the agreed data submission date, as detailed in the timetable, and shall meet all other deadlines as advised in the timetable. Fourth cannot guarantee to process input if received after the deadline for the payroll run.
- Ensure that all schedule submissions are applied to payroll as per the agreed date detailed on the timetable.
- Ensure that data/information provided to Fourth is;
 - accurate and complete;
 - includes employee number(s);
 - is legible, and duly authorised; and
 - submitted in accordance with the agreed timetable.
- Follow all procedures as set out in the Payroll Procedures Manual and submit change data, as defined in the Payroll Procedure Manual. The Customer shall be responsible for the accuracy and completeness of all such data.
- The Customer shall ensure all employees have been created, are accurate (including bank account numbers) and are in line with the payroll deadline.
- If the Customer is using on boarding, ensure all employees have completed the on boarding process and that the Customer has completed the I9 section 2 in line with the payroll deadline.
- Ensure all information submitted via the schedules are accurate and in line with the payroll deadline.
- The Customer shall ensure all Site/Area Managers are fully trained to submit accurately and on time.
- Informing Fourth payroll team when a location is set up or is closed, to ensure that all administration records can be updated. This includes adding/removing authorized contacts.
- Entering start and end dates of the PTO period directly into the Payroll/HR system via ESS.
- If Customer is on Fourth's BRONZE or SILVER package, the system will automatically calculate the amount to process through payroll.
- If the Customer is on Fourth's GOLD package, the benefit information must be sent to Fourth in line with the payroll deadline in order for Fourth to process.
- Input all garnishment payment notices into the system in line with the payroll timetable.
- Approve the payroll – this is required in order to release the ACH file.
- Check the pay date is correct.
- Provide details of all new state registrations and/or forward any tax documentation to Fourth within 2 business days of receipt by the Customer.
- Complete (approve/deny) all employee PTO requests in accordance with the payroll deadline.

Validation – Pre Live

- Check and confirm that:
 - all New Hires appear on the payroll preview.
 - all Payments and Deductions are correct on the payroll preview.

- all employees are attached to the correct PTO plan
- all employees are attached to the correct benefit plan – GOLD package only
- all employees have the correct benefit deductions on the payroll – BRONZE and SILVER package only
- the correct schedules have been submitted to payroll for processing in accordance with the agreed timetable.
- all additional payments and deductions have been entered and are correct on the payroll preview.
- all terminated employee records to ensure final pay is correct including final PTO pay if required.
- The Customer will complete their own internal checking process where deemed appropriate
- Check the overall gross and net pay values to previous live payroll and validate any % increase/decrease.
- Approve the payroll once the payroll has been closed to ensure that the ACH file is sent on time in accordance with the scheduled pay day. Approval:
 - must be completed by the agreed deadline; and
 - must be before 17:30, submitting outside of this timeframe cannot be supported and the ACH file will not be sent
- Onboarding is correct and configured to Customers' requirements – for Customer's on Fourth's SILVER and GOLD packages only.

Validation - Post Live

- Run the general ledger to post to accounts.
- Report any overpayments to Fourth immediately upon discovery. The Customer is responsible for recalling and recovering any overpayments identified by either party. Fourth can perform a recalculation of pay to allow adjustments to be made to the next periods pay. Please refer to Fourth's Overpayment Process for more detail.
- Report any underpayments to Fourth immediately upon discovery. All underpayments will be corrected by submission of the payment in the following pay period (via the schedules or agreed format).

Standard Charges

The charges set out below may be subject to adjustment for CPI and/or increases due to circumstances outside Fourth's control.

Payroll Approval

All payrolls should be signed off by the Customer in accordance with the deadline specified on your processing Schedule. If payroll deadlines are not adhered to, Fourth cannot guarantee payment to the Customer's employees on the specified pay date. However, where there have been unforeseen circumstances that have caused delays, Fourth will try wherever possible to ensure payment to the Customer's employees is made on time. We would however ask that as soon as the Customer is aware that there may be a delay in submitting payroll data or in approving the payroll, that the Customer contact the payroll operation so Fourth and the Customer can discuss necessary contingency action and re-schedule the overdue payroll.

Duplicate Documents

Employees will have access to self-service and can print/re-print their own paystubs

If an employee cannot access their self-service site then the customer will have access in the HR & payroll system to re-print a paystub for that employee.

Ad Hoc/Additional Work Requests

Additional Fees	Cost	
Off Cycle payrolls	\$75	Per Request
Garnishment Processing Services (interpret & Set up):		
Disbursement Fee	\$1.25	Per Request
Wage Garnishment/Lien Processing	\$20	Per Request
Notice of Employee not active	\$2.5	Per Request
Reports - Customized	Prof.Service Rate	Per Day
GL Reporting - Customized	Prof.Service Rate	Per Day
Gross Ups	\$5	Per Request
Data Correction after quarter end (including W2C)	\$25	Per correction
Data Correction during quarter end (including w2c)	\$25	Per correction
Tax report corrections (940, 941, etc)	\$50	Per Report
ACH reversals	\$5	
More than 2 FEIN and over 2 pay runs per FEIN	\$25	per additional Payrun or FEIN
Electronic Onboarding - Customization	Prof.Service Rate	Per Day
Applicant Tracking & Job Board Posting	\$12.5	Per Job Per Month
W-2 and 1095 Printing and distribution *	\$1.5	Per W2

Any additional work commissioned by the Customer falling outside of the Payroll Operations Service, or not listed in the adhoc services above, will incur a professional service rate charge.

All of the above charges will be subject to sales tax (or any other applicable tax or duty) which will be payable by the Customer in addition to the charges.