

PAYROLL: ATTENDANCE, TIME REPORTING, AND LEAVE
ACCRUAL RECORDS

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PAYROLL: ATTENDANCE, TIME REPORTING AND LEAVE ACCRUAL RECORDS

I. INTRODUCTION

The nature and extent of attendance, time reporting, and leave accrual records are determined by the status of the employee and the conditions of employment.

This chapter sets forth the minimum attendance, time reporting, and leave accrual records required by the University and establishes the responsibility for the maintenance of such records. In addition to the University requirements, there are also Federal requirements for the substantiation of salaries and wages charged to Federal contracts and grants, and Federal requirements for overtime and overtime-related recordkeeping under the Fair Labor Standards Act (FLSA).

The procedures for transferring vacation accruals (i.e., hours) when an employee transfers positions within the University are also contained in this chapter.

The general principles presented herein are pertinent to all departments and activities of the University, except that the specific procedural requirements outlined below are not applicable to the Ernest Orlando Lawrence Berkeley National Laboratory, the Lawrence Livermore National Laboratory, or the Los Alamos National Laboratory.

II. DEPARTMENTAL RECORDS TO SUBSTANTIATE PAYROLL PAYMENTS

The purpose of this section is to prescribe the departmental records that must be maintained in order to support payments made through the University's Payroll/Personnel System (PPS). For personnel who are paid from Federal contract or grant funds, a certification of effort must be completed (see section III).

* A. ACADEMIC PERSONNEL

For academic personnel who are eligible to accrue sick leave and vacation credit, records separately identifying sick leave and vacation accruals, utilizations, and balances must be maintained.

B. STAFF PERSONNEL

For staff personnel, attendance records that include the following information must be maintained in accordance with applicable FLSA exempt and non-exempt personnel policy provisions:

- 1) time worked or absences;
- 2) sick leave accrual, utilization, and balances in hours;
- 3) vacation credit accrual, utilization, and balances in hours;
- 4) all overtime; and
- 5) compensatory time off accrual, utilization, and balances in hours, and hours paid in lieu of compensatory time off.

Campuses have flexibility regarding the exact content and procedures for maintenance of the above records within the limits prescribed by applicable personnel policies. The Exhibit at the end of this chapter contains an example of a suggested time record format.

These departmental records must be kept current and readily available for audit.

**III. EFFORT REPORTS

For University personnel who are paid on or have commitments to work on Federal contract and grant funds, a certification of effort must be completed by the employee or responsible official certifying the percentage of his or her total work effort applicable to sponsored research. Failure to certify effort accurately and on a timely basis may result in the charge being disallowed by the Federal agency funding the research. Although each campus may use its own procedures for obtaining the required certification, the procedures must be consistent with the following standards:

** A. Certification of Effort

Principal Investigators and other faculty in Professorial, Professional Research, and Management titles who are paid on or have commitments to work on Federal or Federal flow-through funds are required to certify their own effort since they are in the best position to understand how they spend their time in support of the various activities in which they are engaged. This is consistent with the OMB Circular A-21 requirement that the distribution of salaries and wages be supported by activity reports that are confirmed by "... a responsible person with suitable means of verification that the work was performed."

The effort of staff employees who are paid on or have commitments to work on Federal or Federal flow-through funds must be certified by "... the employee, principal investigator, or responsible official with suitable means of verification that the work was performed."

** B. Treatment of Effort Reporting Revisions

Changes to previously certified effort reports should be extremely rare. However, if an effort report is determined to be in error, a new one can be prepared coincident with payroll cost transfers and other extenuating circumstance. Such revisions are subject to a "facts and circumstances" review and must be processed on a timely basis consistent with Federal regulations and University policy (i.e., as specified in Business and Finance Bulletin A-47, Section V) to ensure their allowability under audit. If revisions are required, the extenuating circumstances surrounding the need for a corrected effort report must be fully explained and documented.

** C. Timeliness of Certifications

Timely certification of effort reports is a condition of acceptance of federal funding when direct salary charges are contemplated and incurred or cost shared salary is proposed on an award. Principal investigators and their campus departments and Extramural Fund Accounting Offices shall take progressive action to prompt corrective action and resolution according to local campus policy when required, including:

** C. Timeliness of Certifications (Cont.)

- Notification of the Department Chair or director for resolution
- Notification of the Dean to expedite resolution
- Notification of the Vice Chancellor-Research and/or Provost/Executive Vice Chancellor and request intervention and resolution

The University shall require all effort to be certified within 120 days of the end of the reporting period. Effort not certified within 120 days may result in acting being taken by the campus to reverse the charges on the award, may jeopardize submission of future proposals, cause a proposal to be withdrawn, and/or jeopardize the acceptance of future awards.

Certification of effort after 120 days may be allowed under certain circumstances, but must be fully explained and justified by the principal investigator and approved by the Vice Chancellor-Research (or his/her designee) and/or the campus Extramural Fund Accounting Office as required by local campus policy.

D. Preciseness of Certifications

OMB Circular A-21 provides for a "degree of tolerance" in the preciseness of effort reporting. University effort reports may be completed with a preciseness tolerance of +/- 5%; that is, an individual may thus certify a level of effort for an award or activity that is within five percentage points of their best estimate of the actual effort expended during the reporting period.

IV. TIME REPORTS

A. SALARY ROLL EXCEPTION TIME REPORTING

Employee salary payments made from payroll subbudgets are made automatically based upon an employee's appointment and distribution information recorded on the Employee Data Base (EDB). Adjustments to an employee's gross salary, e.g., to report an absence without pay, are made by *exception* on the Payroll Time Reporting Adjustment Worksheet or through the On-line Payroll Time Reporting System (OPTRS). Departmental attendance records must support the percentage of time worked and the dollar amounts paid from payroll subbudgets.

B. GENERAL ASSISTANCE TIME REPORTS

Employee wage payments made from General Assistance subbudgets are generally made on the basis of positive time entered on the Payroll Time Reporting Worksheet, the Payroll Time Reporting Adjustment Worksheet, or through OPTRS. This information must be substantiated further by recording the approved personnel action on the employee's EDB record. Daily attendance records must support the hours or percentage of time worked and the dollar amounts reported on the payroll worksheets or through OPTRS.

Both the Payroll Time Reporting Worksheet and the Payroll Time Reporting Adjustment Worksheet must be signed by an authorized person certifying that all of the data entered on the worksheets will result in proper payment.

In certain instances where time worked is reported to the data processing centers on magnetic tape or other direct computer input, a computer listing must be properly certified in lieu of the payroll time reporting worksheets and sent directly to the campus accounting office. The certified listing must contain the same information (hours worked, etc.) as required for the payroll worksheets.

In instances where time worked is reported through the OPTRS, a magnetic file of the entered pay transactions, user identification information, date, and time must be maintained in accordance with the campus accountability policies.

V. EMPLOYEE TRANSFERS/FUND CHANGES

A. VACATION TRANSFERS

It is the policy of the University, and a requirement of the Federal government, that vacation leave charges must be equitably allocated to all fund sources, and that such charges must be given the same cost accounting treatment regardless of fund source. Accordingly, the following assessment procedure is applied to all funds:

1. Assessment of Costs

- 1) A monthly assessment is made against each account/fund from which salaries are paid, in order to finance vacation leave costs.
- * 2) The assessment is recorded as a charge against the employee benefits sub-budget (object code 8550: Employee Vacation and Sick Leave Assessment) of each account (see Accounting Manual chapter A-115-2, Accounting Code: General Ledger, for University-wide object code) and a credit against the Vacation Leave Liability account (X-115310).
- 3) The assessment can be a percentage of gross payroll, with different assessment rates for those title codes that earn no vacation leave, or it can be based upon the vacation accruals of the individuals involved.
- 4) The assessment rates should be designed to accumulate in the Vacation Leave Liability account only enough funds to cover the current fiscal year expenditures for vacation leave usage and related employee benefit payments. Thus, the liability account is not considered a fully-funded reserve.
- 5) The assessment rates should be reviewed and adjusted each year with the goal of achieving a zero balance in the Vacation Leave

V. EMPLOYEE TRANSFERS/FUND CHANGES (Cont.)A. VACATION TRANSFERS (Cont.)1. Assessment of Costs (Cont.)

Liability account at the end of the fiscal year.

2. Payment

- 1) All vacation leave usage and related employee benefits should be paid from the Vacation Leave Liability account.
- 2) Payroll payments for vacation leave may be charged directly against the reserve, or they may be paid initially from the departmental account/fund and then transferred to the Vacation Leave Liability Account.

Personnel policy requires that accumulated vacation leave credit (i.e., hours) follow an employee transferring from one University position or funding source to another. Accrued vacation is paid to a transferring employee only if the transfer is to a classification/appointment that is not eligible for vacation leave accrual. The following procedures apply when an employee transfers from one position to another within a campus or to a position on another campus¹:

1. Intracampus Transfers

No transfer of accrued vacation liability is necessary.

The department prepares the appropriate documentation indicating the employee's appointment transfer and accrued vacation leave balance.

2. Intercampus Transfers

Procedures for intercampus transfers of vacation accruals parallel those for intracampus transfers.

¹ Vacation leave balances cannot be transferred to or from a Department of Energy Laboratory or to or from Hastings College of the Law. The accrued vacation must be paid to the transferring employee.

- V. EMPLOYEE TRANSFERS/FUND CHANGES (Cont.)
A. VACATION TRANSFERS (Cont.)
2. Intercampus Transfers (Cont.)

For more information, see Accounting Manual chapter P-196-38, Payroll: Interlocation Transfers and Appointments.

B. SICK LEAVE

When an employee transfers to another department or to another location (including the Department of Energy Laboratories and Hastings College of the Law), the employee's sick leave (i.e., hours) balance follows the employee. The sick leave balance should be indicated on the appropriate records. Since sick leave liability does not accrue, a transfer of dollars is not necessary.

C. OVERTIME

Accumulated overtime and hours of accumulated compensatory time off are paid to employees at the time of transfer between fund sources. Overtime and compensatory time are charged to the fund source under which the time was earned.

VI. RESPONSIBILITIES

Chancellors, deans, and other administrative officers of the University shall delegate to authorized employees the overall responsibilities for maintaining adequate attendance, time reporting, and leave accrual records and for the proper substantiation of payroll payments.

Internal audit shall periodically review departmental time and attendance records to evaluate the adequacy of those records.

VII. REFERENCES

Business and Finance Bulletins:

IA-101 Internal Control Standards, Departmental Payrolls.

Accounting Manual chapter:

A-115-2 Accounting Codes: General Ledger

P-196-38 Payroll: Interlocation Transfers and Appointments.

Academic Personnel Manual, Sections 700 through 759.

Personnel Policy for Staff Members, Sections 30, 31, 32, 40, 41, 42, 43, 44, 46, and 80.

Fair Labor Standards Act, 29 U.S.C., Anntd., Secs. 201-206.

Historical note: Accounting Manual chapter first published 7/1/77 to expand, combine, and absorb Accounting Manual chapters P-196-32, Payroll: General Assistance Time Reporting, and P-196-41, Payroll: Leave Records and Accrual Transfers. Revisions 9/1/77, 6/15/85, 12/1/86, 6/30/94, 9/30/95, 6/30/96, 12/30/96, 6/30/97, 6/30/01, 6/30/06, 3/31/07, 9/30/09, and 6/30/10; analyst--John Barrett.

EXHIBIT: TIME RECORD

INSTRUCTIONS

This time record is used to report attendance information for payroll purposes. University policy requires that this record be maintained accurately. The employee's name should be printed on the "name" line at the top of the form and the employee should sign the form at the bottom. Any erasures or changes should be initialed. All columns should be totaled.

Your established work schedule is indicated in the upper right portion of your time record. The standard (STD) work schedule is 8 hours per day on 5 consecutive days from 8 a.m. to 5 p.m. excluding 1 hour for lunch. If you have questions regarding this portion of the time record your supervisor will explain how it should be filled out.

REPORTING

Exception (Negative) Time Reporting: The normal method of keeping time records is on the exception (negative) basis and requires that only exceptions to the employee's work schedule be entered on the Time Record. Employees record exception hours in the proper columns. For employees who are exempt from the Fair Labor Standards Act (FLSA) provisions regarding premium overtime and compensatory time off, holiday, vacation, sick leave and other leaves are recorded in one-day increments only (or in increments not less than that portion of a day during which an employee on less than full-time pay status is normally scheduled to work) in columns 5, 6, 7, 8 and 11. For employees subject to FLSA, all leave time must be reported to the nearest quarter hour. Other exceptions such as compensatory time off and overtime are recorded to the nearest quarter hour in columns 9 and 10. The Time Record should be approved by the employee's immediate supervisor.

Positive Time Reporting: The Time Record provides column 4 marked (3) in which an employee records regular hours worked in addition to the exceptions noted above. For FLSA non-exempt employees, time worked is reported to the nearest quarter hour. The Time Record should be approved by the employee's immediate supervisor.

EXHIBIT: TIME RECORD (Cont.)**TIME RECORDING**

You will note that the first day of the month is printed on the 8th line of the form. Since, in many cases, your Time Record must be submitted prior to the end of the pay period in order to prepare pay checks, the first seven lines are provided to record any exceptions to your established work schedule not reported on your time record for the previous month.

If you are required to use the positive time reporting method, please record the total hours worked each day in the corresponding days of the month under the "3" marked column, e.g., if you worked 8 hours on the 14th of the month, then write "8" in the corresponding box for the 14th of the month.

- * If your salary is supported by more than one fund source (and you are required to report your time worked by fund source for internal management reasons or because you are paid from a non-Federal award which requires such reporting) identify those funds in the headings of columns 1 and 2 (and 3 if applicable) and enter in each column the number of hours worked each day that were applied to those funds.
- ** If your salary is paid from a Federal grant or contract you must complete an Effort Report certifying the percent of your total effort applicable to each Federal agreement. In such cases it is not also necessary to report on the Time Record the hours of work applicable to each Federal fund source. The total hours worked may be reported under the "3" marked column if you are required to report your time using the positive method.

