



ADMINISTRATIVE PROCEDURE

CATEGORY: **Fiscal Management, Payroll**

SUBJECT: **Payroll and Time Reporting**

A. PURPOSE AND SCOPE

1. To define administrative procedures for employee time reporting and payroll calculation.

2. **Related Procedures:**

Voluntary Payroll Deductions	2625
Tax Sheltered Annuities	2630
Mandatory Reports for Employee Injury or Illness on the Job	5170
Sick Leave	7130
Personal Business Leave	7134

B. LEGAL AND POLICY BASIS

1. **Reference:** Board Policies D-1000, I-1020; California Education Code section 42647.

C. GENERAL

1. **Originating Office.** Suggestions or questions concerning this procedure should be directed to the Payroll Department and Fiscal Control Departments, Finance Division.

2. **Prompt and Accurate Payroll Reporting.** Budgeting and accounting by program and by organizational unit require prompt and accurate reporting of employee assignments and time worked in each assignment. District reports to federal, state, and county agencies and the district's official financial and personnel records are dependent upon the accuracy and care exercised by school and department managers and timekeepers. Equally important is that every employee be paid accurately and on time. All hours and absences are expected to be reported in the earnings period in which they occur. Relative roles and responsibilities of schools, departments, and divisions are outlined in Section C.3.

3. **Responsibilities.**

a. **Employees** provide accurate income tax withholding information, absence data, authorized time cards and report time worked.

b. **Principals/department heads** establish procedures providing for prompt and accurate reporting of assignments, time worked, signing in and out, and absence information for district employees are recorded signed and authorized on designated forms. Principals and department heads are responsible for certifying the accuracy of each payroll through completion of the required certification reports. This includes reviewing/approving payroll transactions, following the manager monthly checklist, validating and signing official payroll audit documents and assuring payroll deadlines are met.

c. **Payroll Department:** establishes payroll schedules; processes time reported through the Time and Labor system; processes payroll through the PeopleSoft Payroll system; processes deduction forms and tax withholding forms; overrides system generated salary information when employee begins or ends a salaried assignment on other than the first or last day of the work year; reviews Personnel Action Requests and prepares necessary manual adjustments to system for position/salary changes; monitors use of

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catastrophic, industrial, and full/half pay sick leave; manages reporting of workers compensation pay/industrial accident hours; applies wage withholding orders as required by authoritative agencies; maintains direct deposit instructions for employees; conducts audits of time paid; calculates and seeks resolution of overpayments; provides required input to payroll system to produce pay warrants and advices; and maintains files and records.

- d. **Integrated Technology Support Services (ITSS)** provides technology support for payroll processing and prints and delivers pay warrants and direct deposit advices to Fiscal Control Department.
- e. **Office of the Controller:** distributes pay warrants and direct deposit advices to employees; transmits voluntary and mandatory deduction amounts to appropriate agencies and companies; reports and pays federal and state taxes; reports and pays retirement contributions; monitors payroll processing to ensure accuracy, security, and existence of an effective audit trail; signs original of "Warrant Accountability Log" and returns Copy 2 to ITSS; maintains related files, registers, records and reports.
- f. **Budget Operations Department:** processes General Ledger Distribution in PeopleSoft HCM/Financial systems; reconciles accounts; posts expenses to general ledger and maintains HCM account code structure.

D. IMPLEMENTATION

- 1. **Schools and Departments:** input positive time worked (hourly and beyond salaried time) and leave taken, including periods of forced vacation, to the Time and Labor system; file all original time cards and leave forms alphabetically at the site with the exception of the Short Term Leave Without Pay request (this document must be sent to the Payroll Department and a copy kept at the site); run reporting tools (i.e., SAMS report and Time Summary) prior to payroll deadlines to validate what has been reported in hours and absences is accurate; produce audit reports to reconcile reported time to paid time and file audit reports with principal/department head signature validating payroll for monthly and hourly payrolls each month.
 - a. Retain all payroll records in binders with name of site, fiscal year, and table of contents notated on the binding (Example: Payroll Records, Adams Elementary, Timecards, July 2010-June 2011). Keep separate binders or folders for previous fiscal years filed chronologically in an accessible cabinet or in properly labeled boxes.
 - b. All original time cards, leave forms and signed audit reports must remain on file for three (3) years plus current year (total of four [4] years). Note: Grant requirements may necessitate longer retention periods. Sites should review grant requirements to determine appropriate retention of payroll records.
- 2. **Substitute Employee Time Reporting.**
 - a. **Employee** reports absence to SAMS substitute system and completes appropriate leave application for submission to immediate supervisor; substitute accepts jobs called from the SAMS system; substitutes sign in and out of the site reported to on each day of the assignment; school/department verifies hours being reported to Time and Labor

via the SAMS interface and reports absences for absent employees on the electronic timesheet in Time and labor.

- b. **Payroll Department** processes time reported through substitute system; monitors absence reporting; monitors SAMS job validation by site timekeepers.

3. **Withholding Tax Exemptions and Voluntary Deductions.**

- a. **Payroll Department** receives tax withholding and voluntary deduction forms and sets up general deductions in the PeopleSoft payroll system.
- b. **Employees** may enter tax withholding information online via the district's Self Service application.
- c. Deductions for deferred compensation plans are submitted electronically to the **Office of the Controller** via the district's third party administrator.

4. **Review of Preliminary Calculations.**

- a. **Payroll Department:** reviews preliminary calculations to determine if adjustments are properly reflected on employee paychecks; corrects as necessary prior to final calculation and confirmation of the payroll.
- b. **Office of the Controller** reviews preliminary calculations to determine proper allocation and calculation of taxes, deferred compensation and retirement.

5. **Review of Payroll and Preparation of Deduction Payments.**

- a. **Office of the Controller:** prepares and reviews payroll registers and other reports; prepares pay warrant positive pay file transfers to County Treasurer's Office and pay advice direct deposit file transfers to banking institutions; prepares check and advice files for printing; orders remittance of deductions to appropriate agencies for voluntary deductions, retirement, and taxes.

6. **Pay Warrants.**

- a. **ITSS** prints pay warrants and advices and delivers to the Office of the Controller together with duplicate copies of "Warrant Accountability Log."
- b. **Office of the Controller:** records beginning and ending warrant numbers and payroll identification numbers on summary sheet; disburses warrants and advices; retains warrant registers and summary files; signs original of "Warrant Accountability Log;" and returns a copy to ITSS.

E. FORMS AND AUXILIARY REFERENCES

- 1. California State Accounting Manual
- 2. Warrant Accountability Log

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F. REPORTS AND RECORDS

G. APPROVED BY

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General Counsel, Legal Services
As to form and legality

H. ISSUED BY

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Chief of Staff