

FISCAL ADMINISTRATIVE POLICY

To: work2future Staff & Subrecipients
From: work2future Director
SUBJECT: Payroll and Timekeeping
Effective: May 2020
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America's JobCenter
of California™

OPERATIONAL DIRECTIVE

work2future Workforce Development Board
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Purpose:

This policy provides guidance on timekeeping and payroll processing, following City Policies and procedures and the *Workforce Innovation and Opportunity Act (WIOA)* and the Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; Final Rule (Uniform Guidance).

Scope:

The information in this policy applies to all employees of work2future employees and its subrecipients.

Effective Date:

This policy is effective upon date of issue.

REFERENCES:

- 2 Code of Federal Regulations (CFR) 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- 2 CFR 200.430 Compensation -Personnel Services
- Notice of Proposed Rulemaking (NPRM) Title 20 CFR 683.110, Period of Performance
- Workforce Innovation and Opportunity Act (WIOA) 185, Reports; Recordkeeping; Investigations

BACKGROUND:

work2future is a Division of the City of San José Office of Economic Development. As such it follows the City's timekeeping and payroll processes and procedures.

POLICIES AND PROCEDURES:

The payroll process refers to the steps required to pay employees each pay period and involves employees' hours worked, their pay rate, and deductions. Processing payroll ensures employee are paid based on their employment status and other Department of Labor requirements.

Time and effort reporting are the federally mandated method of certifying that the salary and benefits charged to a federal program is accurate and is used to support such charges. Proper time and effort reporting include accounting for salary and benefits and certifying actual time charges for:

- Each federal grant programs;
- Cost-sharing (matching) portions of federal grants; and
- All other activity not funded by a grant (grant and non-grant time) for which the individuals are compensated.

Time and Effort reporting is the allocation of an individual's actual time and effort for specific projects, whether or not reimbursed by the grantor. In contrast, payroll distribution is the distribution of an

individual's salary and benefits in the accounting records. Payroll distributions to each grant or cost objective are done initially based on budget estimates and then adjusted to agree with effort reports for final payroll distributions.

- **Accounting** tracks the detailed payroll accounting transactions to accounts created for individual grant agreements and other program activities.
- **Certifying** is attesting that salaries, wages and benefits charged to the grants (including required match portions) and to other program activities, is reasonable in relation to the time and effort actually performed.

Budget Estimates (i.e. estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards provided that:

- The system for establishing the estimates produces reasonable approximation of the actual activity performed;
- Significant changes in the corresponding work activity (as defined by work2future's and its subrecipient's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term.
- work2future's and its subrecipient's system of internal controls includes processes to review after-the-fact interim charges made to Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

Standards for Documentation of Personnel Expenses:) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must (but not limited):

- Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into the official records of the City of San José (work2future) or its subrecipients;
- Reasonably reflect the total activity for which the employee is compensated by the City of San José (work2future) or its subrecipients, not exceeding 100% of compensated activities
- Encompass both federally assisted, and all other activities compensated by the City of San José (work2future) or its subrecipients on an integrated basis, but may include the use of subsidiary records as defined in the City of San José 's or its subrecipient's) written policy;
- Comply with the established accounting policies and practices of the City of San José or its subrecipients;
- Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

work2future follows the City of San José timekeeping procedures:

<http://www.sjcity.net/DocumentCenter/View/18558>

ACTION:

Bring this directive to the attention of all appropriate staff and subrecipients.

INQUIRIES:

If you require further information regarding this policy, please contact work2future Finance Manager at (408) 794-1146.