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**Subject: Wage Employee Time Worked Records**

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## **1. Purpose**

The purpose of this policy is to define procedures for the collection, entry, reconciliation, and retention of time records for wage employees who are paid hourly.

## **2. Policy**

University departments are responsible and accountable for the collection, entry, reconciliation, and retention of wage time records as set forth in this policy.

The electronic timekeeping system is used to record employee hours worked. This system is in compliance with the record-keeping requirements of the Fair Labor Standards Act. Approval from Human Resources must be granted to use procedures or a system other than those described in this policy.

Management of wage employee time and records must comply with the following regulations:

1. Wage employees are paid only for actual hours worked.
2. All wage employees paid on an hourly basis are considered to be non-exempt under the *Fair Labor Standards Act (FLSA)* and are to be compensated at a rate of one and one-half times the regular rate of pay for any time actually worked in excess of 40 hours within the defined university work week which is Friday at midnight to the following Friday at midnight. Overtime is charged to the employee's home department or primary wage position. Departments should contact Human Resources or Payroll for clarification when an employee works for more than one department. [Note: Payments to part-time, exempt salaried employees are classified as P14 payments/employees by the university; reference Policy 4296, *Adjunct and Wage Faculty Payments (P14 Payments)* for more information.]
3. In accordance with state law, wage employees may work no more than 1,500 hours, per twelve-month period. This twelve-month period is defined as May 1 to April 30 for purposes of tracking the wage hours worked.

4. It is the responsibility of the hiring department to ensure that wage employee hours worked do not exceed the 1,500 hour maximum.

In compliance with the Commonwealth's Manpower Control Program, there will be no exceptions granted to the 1,500 maximum. Employees whose hours inadvertently exceed 1,500 are subject to the provisions of the Affordable Care Act regarding health insurance eligibility.

5. Wage employees (regular and emergency hire appointments) must be appropriately classified and paid in compliance with corresponding wage rates found on the Wage Pay Structure Table ([http://www.hr.vt.edu/compensation/compmtg/pay\\_struct/index.html](http://www.hr.vt.edu/compensation/compmtg/pay_struct/index.html)).

### **3. Procedures**

#### **3.1 Standard Work Week**

The standard work week runs from Friday at midnight to the following Friday at midnight. For more detail, refer to the [Timekeeping System Procedures](http://www.controller.vt.edu/content/dam/controller_vt_edu/procedures/payroll/23820.pdf) ([http://www.controller.vt.edu/content/dam/controller\\_vt\\_edu/procedures/payroll/23820.pdf](http://www.controller.vt.edu/content/dam/controller_vt_edu/procedures/payroll/23820.pdf)).

#### **3.2 Documentation and Approval of Hours Worked**

1. Hours worked should be documented daily by the employee clocking into and out of the electronic timekeeping system, TimeClock Plus (TCP).
2. The employee should verify the hours are correct each work week by viewing the hours recorded in the system for the work week.
3. Any necessary edits should be brought to the attention of the supervisor or designated department representative. Any adjustments to time such as missed punch, edited punch, or added shift should be promptly addressed and approved when the correction is made.
4. At the completion of the pay period, the supervisor must review the hours recorded for each employee for the pay period and electronically approve the hours to pay the employee.

#### **3.3 Entry of Hours into Banner HRIS**

1. All approved hours in the timekeeping system are interfaced into the Banner system in accordance with the payroll-processing schedule for the applicable pay period.
2. In rare cases where hours are not interfaced (unapproved hours, retroactive hours, corrections, etc.), a department representative must enter these hours manually into Banner using PHAHOUR (please refer to the Banner HRIS Enterer Manual [<https://hrapps.hr.vt.edu/resourceguide/support/index.aspx>] for instructions).
3. In situations where the supervisor was unable to approve the hours in the timekeeping system prior to the interface into Banner, entering hours in PHAHOUR for documented hours of work for payment without approval is appropriate in order to comply with Department of Labor requirements. These hours should be approved by the supervisor after the fact in the timekeeping system.

## 3.4 Time Record Verification and Reconciliation

### 3.4.1 Time Record Upload Verification

1. After hours are interfaced from the timekeeping system to Banner, the Payroll Office sends a notification (email) to designated department contacts signaling that the *Time Card Entry Verification Report* is available for departments to run (i.e., the department should generate the Banner web report). The person responsible for time entry verification compares the timekeeping system hours to the *Time Card Entry Verification Report*. It is recommended that this verification be performed upon confirmation that the interface to Banner is complete and receipt of the notification that the verification report is available.
2. If manual entries were made in PHA HOUR (including unapproved hours), those hours should also be verified using the *Time Card Entry Verification* web report. This procedure should be followed as a best practice.

### 3.4.2 Reconciling Time Records with Payroll

Specific steps must be completed each pay period to reconcile what was paid to wage employees, in a timely manner. This will assist with ensuring that payments to employees are correct and errors are identified and addressed timely. Please refer to Payroll Procedure 23820 – Timekeeping System ([http://www.controller.vt.edu/content/dam/controller\\_vt\\_edu/procedures/payroll/23820.pdf](http://www.controller.vt.edu/content/dam/controller_vt_edu/procedures/payroll/23820.pdf)) for a detailed list of the necessary steps.

All wage reconciliation documentation must be kept by the department in accordance with the Virginia state retention schedules ([http://www.lva.virginia.gov/agencies/records/sched\\_state/search.asp](http://www.lva.virginia.gov/agencies/records/sched_state/search.asp)).

### 3.4.3 Post Audit by Payroll

A random audit of payroll reconciliation activity in departments will be conducted by the Payroll Office.

## 3.5 Maintenance of Wage Time Records

1. It is recommended that departments perform quarterly reviews of job codes in the electronic timekeeping system to ensure terminated jobs are deactivated.
2. Wage time records must be documented by the employing department on a daily basis and must include all hours worked. These records are accounting records and must be retained by the university in accordance with the Virginia state retention schedules ([http://www.lva.virginia.gov/agencies/records/sched\\_state/search.asp](http://www.lva.virginia.gov/agencies/records/sched_state/search.asp)).
  - a. Use of the electronic timekeeping system ensures compliance with this requirement through the Payroll Office.
  - b. Any records produced prior to the implementation of TimeClock Plus must be retained by the department.

## 4. Definitions

**Affordable Care Act (ACA)** – The ACA was implemented on March 23, 2010 and is intended to increase access to health care for more Americans; includes many changes that impact the commercial health insurance market, Medicare and Medicaid. ACA is also referred to as the “health reform act” or “Patient Protection and Affordable Care Act.”

**Banner** - An Oracle based product of Ellucian. It is a database management system used to collect and manage university Human Resource information.

**Exempt employee** - An employee who has been determined exempt from the overtime requirements of FLSA.

**Fair Labor Standards Act (FLSA)** - The Fair Labor Standards Act (FLSA) generally requires covered employers to pay employees at least the federal minimum wage for all hours worked, and overtime premium pay of time-and-one-half the regular rate of pay (or time-and-one-half leave hours) for all hours worked over 40 in a single workweek.

**Federal Insurance Contributions Act (FICA)** - provides for a tax commonly referred to as *FICA tax* or the *Social Security tax*. The purpose of the tax is to finance the old age/survivors/disability insurance and the medical insurance provided for under the Social Security Act.

**Manpower Control Program** – The Manpower Control Program is a general provision in the state of Virginia that mandates limits to the number of hours part time salaried and wage employees may work. Employees in these categories may not work more than an average of 29 hours per week over a twelve-month period.

**Non-exempt employee** - An employee who is subject to the provisions of the Fair Labor Standards Act, whereby the person is required to be compensated at time and one-half for all hours worked exceeding 40 in a work week.

**Overtime** - Any hours worked exceeding forty (40) in a work week.

**Timekeeping System** – A web-based system, trade name TimeClock Plus (TCP), used by the university to track employee time and attendance.

**Work week** - The standard university work week is from Friday at midnight to the following Friday at midnight.

## **5. References**

Banner HRIS User Manuals and Documentation

<https://hrapps.hr.vt.edu/resourceguide/support/index.aspx>

Library of Virginia - State Agency (General) Records Retention Schedules

[http://www.lva.virginia.gov/agencies/records/sched\\_state/search.asp](http://www.lva.virginia.gov/agencies/records/sched_state/search.asp)

Policy 4085, *Guidelines for the Retention of Wage Employee Personnel Records*

<http://www.policies.vt.edu/4085.pdf>

Policy 4296, *Adjunct and Wage Faculty Payments (P14 Payments)*

<http://www.policies.vt.edu/4296.pdf>

Policy 4300, *Hours of Work*

<http://www.policies.vt.edu/4300.pdf>

Policy 4320, *Guidelines for the Fair Labor Standards Act*

<http://www.policies.vt.edu/4320.pdf>

Virginia Tech Controller's (Payroll) Office Procedure 23820 - *Timekeeping System Procedure*

[http://www.controller.vt.edu/content/dam/controller\\_vt\\_edu/procedures/payroll/23820.pdf](http://www.controller.vt.edu/content/dam/controller_vt_edu/procedures/payroll/23820.pdf)

Virginia Tech Pay Structures

[http://www.hr.vt.edu/compensation/compmtg/pay\\_struct/index.html](http://www.hr.vt.edu/compensation/compmtg/pay_struct/index.html)

Virginia Department of Human Resource Management Policy 2.22, *Types of Employment*

[http://www.dhrm.virginia.gov/hrpolicy/web/pol2\\_20.html](http://www.dhrm.virginia.gov/hrpolicy/web/pol2_20.html)

## **6. Approval and Revisions**

Approved September 8, 2000 by Assistant Vice President for Personnel Services, Linda S. Woodard.

- Revision 1:

Defined the 365-day reporting cycle for wage employment as the fiscal year.

Changed the name of Personnel Services to Human Resources.

Approved June 20, 2006 by Kurt J. Krause, Vice President for Business Affairs.

June 8, 2007: Technical corrections to Section 2: Policy and Section 3.2: Documentation and Approval of Hours Worked.

January 15, 2008: Number of years *Wage Payroll Reconciliation Report* must be kept was updated from five years to four years in Section 3.4.6, #3 and #4.

- Revision 2:

Added to section 3.2: provision for processing documented hours worked without supervisor's prior approval to meet payroll deadlines; and provision for automated time clock or timekeeping systems with the approval of Human Resources and Payroll in 3.2. Removed detailed procedures in 3.4 for entering wage hours worked and added references to Banner user documentation and HRIS user manuals.

Approved May 28, 2010 by Vice President for Administrative Services, Sherwood G. Wilson.

- Revision 3:

Revised all sections to reflect implementation of university-wide electronic timekeeping system and wage hour restrictions made by the state in accordance with the Manpower Control Program and Affordable Care Act.

Approved June 22, 2015 by Vice President for Administration, Sherwood G. Wilson.