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**Subject: Wage Employee Time Worked Records**

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## **1. Purpose**

The purpose of this guideline is to define procedures for the collection, entry, and retention of time records for wage employees paid on an hourly basis.

## **2. Policy**

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

The [Wage Employee Time Record P130](#) is the source document to record employee hours worked. This document 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 form other than the *Wage Employee Time Record P130*.

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 Friday at midnight. Overtime is charged to the employee's home department or primary wage position. Departments should contact the Payroll Department for clarification.

3. Wage employees are limited by state policy to 1500 hours of work for the University, per 365-day period. The University has defined the fiscal year as the work cycle for purposes of tracking the wage hours worked in a 365-day period.
4. It is the responsibility of the hiring department to ensure that wage employee hours worked do not exceed the 1500 hour rule except under limited conditions.

Under exceptional circumstances, approval may be granted to extend wage employment past the 1500 hour limitation during the fiscal year. Departments must submit extension requests with attached justification to Human Resources.

5. Wage employees (regular and emergency hire appointments) must be appropriately classified and paid in compliance with appropriate wage rates found at <http://www.hr.vt.edu/supervisorscorner/comp/>.

### **3. Procedures**

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

The standard work week runs from Friday at midnight to the following Friday at midnight.

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

1. Hours worked each pay period should be documented on the *Wage Employee Time Record P130* for the week the hours were worked.
2. Approval from Human Resources must be granted to use a form other than the *Wage Employee Time Record P130*.
3. Hours worked should be documented daily at the completion of the work shift by the employee or other designee.
4. Wage hours worked should be totaled by work week and the total number of hours worked for the pay period documented. The employee should verify the hours are correct each work week by signing and dating after the last entry of hours for is recorded and the total number of hours for the work week is calculated.
5. The time record may be filled out by an appropriate designee in the department, but must always be signed and dated each work week by the employee.
6. At the completion of the pay period the *Wage Employee Time Record P130* should be submitted to the supervisor for approval. The supervisor's signature and date serves as verification of the number of hours worked and the approval to pay the employee.

#### **3.3 Maintenance of Records**

Wage employee time records are accounting records and must be retained by the University for five (5) years after separation, then destroyed by shredding. A [Certificate of Records Disposal](#) must be obtained from Records Management Services before final.

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

1. During the designated time for wage payroll entry, hours worked are entered into the current pay period on Banner HRIS by the department's Banner HRIS representative. Note that both current hours worked and retroactive hours worked are entered on the current payroll.
2. From the VT HR (Departmental Use Menu) in Banner HRIS, select the *Online Time Entry Form (PHAHOUR)*.

3. Refer to Manual II, Chapter 7 (Regular Wage Time Card Entry Process) and Chapter 8 (Student Wage Time Card Entry Process) of the Banner HRIS user documentation for detailed procedures on time card entry. The manual may be accessed at the following web site address: <http://www.hr.vt.edu/bannerhris/>.
4. Prior to entry into the Banner system, a completed *Wage Employee Time Record P130* signed by the employee and supervisor **must** be obtained.
5. On designated wage payroll entry days, the *Online Time Entry Form (PHAHOUR)* record is completed for the current pay period by entering the appropriate earnings code and hours worked. Funding for the current pay period only may also be updated.

### 3.4.1 Earn Codes

Because the earn code affects the rate at which an employee is compensated and/or the net pay, it is important to use the correct earn code.

#### 3.4.1.1 Hours Worked During the Current Pay Period

The following earnings codes are used for all current wage entries including time-entry of overtime hours for the current effective pay period: REG, WNT and WHT. The Banner system will calculate hours worked in excess of 40 within any given work week and will compensate accordingly.

1. REG (Regular Wage) is used for any non-student. This code results in FICA being charged.
2. WNT (Wage No FICA Tax) is used for a student if the student is enrolled at least half-time. This earn code does not take out FICA.
  - Undergraduate students must be enrolled in at least 6 hours.
  - Graduate students must be enrolled in at least 5 hours.
  - Summer school students must be enrolled in at least 3 hours.
3. WHT (Wage With FICA Tax) is used for a student if the student has dropped below the above enrollment criteria. Students enrolled less than half time are charged FICA.

#### 3.4.1.2 Hours Worked During A Previous Pay Period

1. On the record line below any current hours entry, the appropriate retroactive earnings code is entered.
2. REH (Retroactive Pay Hourly) is used to enter retroactive straight time pay for any non-student. Use of this earn code results in FICA being charged.
3. OTH (Over Time 1.5 Times) is used if hours worked in the past exceeded 40 hours during the week in which they were worked. Use of this earn code results in FICA being charged.
4. RES (Retroactive Student NO FICA) is used to enter retroactive pay for a student that is enrolled at least half time. This earn code does not charge FICA.
  - Undergraduate students must be enrolled in at least 6 hours.
  - Graduate students must be enrolled in at least 5 hours.
  - Summer school students must be enrolled in at least 3 hours.
5. REH (Retroactive Pay Hourly) is also used to enter retroactive pay for a student that has dropped below the above enrollment criteria. Students enrolled less than half time are charged FICA.

### 3.4.2 Hours Entry

After the appropriate earn code has been entered, the total number of hours worked for the pay period is entered along with the specific number of hours worked each work week in the pay period.

If a retroactive earn code is used it is not necessary to split the hours out by work week. They may be combined and entered in the first labeled week field. The source document time record for the payroll in which the hours were worked should be documented to reflect the payroll period (i.e., 12/1/99 – 12/15/99) on which the retroactive pay was entered. This will provide an audit trail for the entry.

### 3.4.3 Funding

Once the earn code and hours entries have been saved, funding information will display for the earnings record. The fund index may be changed on the *PHAHOUR* record for the current payroll. There is no approval in the Banner system for a change to funding on this record for the current pay period. It is recommended that the supervisor initial the funding change on the [Time Card Entry Verification Report](#) that is accessed from the *HRIS Home Page* at the conclusion of all wage payroll entries. The *Hours Verification with Budget* option will show all earn codes and hours entries and the associated funding charged.

### 3.4.4 Adjustments

If an adjustment to the payroll is needed, contact the HRIS Help Desk at 540-231-7763. HRIS and Payroll staff can provide instruction as to how to enter the adjustment on the current payroll.

### 3.4.5 Verification of Time Card Entries

All hours entered should be verified by the person who made the entry or their designee using the *Time Card Entry Verification Report* which can be accessed from the *HRIS Home Page* on the web. If errors are noted in comparing the report to the source documents, corrections should be entered and saved on the *PHAHOUR* form in Banner during the designated wage payroll entry dates and then the report should be verified again.

### 3.4.6 Reconciling Time Sheets with Payroll

The steps listed below to reconcile what was paid to wage employees must be completed each pay period.

1. **The Payroll Office** sends the *Wage Payroll Reconciliation Report* to each department.
2. **Person responsible for reconciliation** compares the time sheets to the *Wage Payroll Reconciliation Report*. This individual cannot be the employee that entered the hours in Banner nor should it be the supervisor who approved the hours worked. If a department needs an alternative reconciliation, they should contact the Controller's Office to assure effective internal controls.
3. **If no errors are noted**, the person responsible for the reconciliation signs, dates, and files the report. This report must be kept for four years.
4. **If an error is noted**, the person responsible for the reconciliation talks with the department head and Payroll Office to resolve discrepancies. All documentation must be kept for four (4) years.

### 3.4.7 Maintenance of Wage Time Records

*Wage Employee 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 five (5) years after termination, then destroyed by shredding. A [Certificate of Records Disposal](#), must be obtained from Records Management Services before the final destruction.

### 3.4.8 Post Audit by Payroll

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

## 4. Definitions

**Banner** - An Oracle based product of Sunguard Higher Education. It is a data base 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.

**FICA - Federal Insurance Contributions Act** - The Federal Insurance Contributions Act 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.

**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 in a work week.

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

## **5. References**

1. [Guidelines for the Retention of Wage Employee Personnel Records, 4085](#)
2. [Hours of Work, 4300](#)
3. [Wage, Faculty and Adjunct Payments \(P14 Payments\)](#)
4. [Wage Employee Time Record, P130](#)
5. [Certificate of Records Disposal](#)
6. [Guidelines for the Fair Labor Standards Act, 4320](#)
7. [Types of Employment, DPT Policy 2.22](#)
8. [Banner HRIS User Documentation](#)

## **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.