



Payroll: Attendance, Time Reporting and Leave Accrual Records

Responsible Officer:	AVP – Systemwide Controller
Responsible Office:	FA – Financial Accounting
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Scope:	The general principles presented in this policy apply to all departments and activities of the University. The procedural requirements outlined are not applicable Lawrence Berkeley National Laboratory (LBNL) or UC Hastings unless otherwise specifically stated in that requirement.

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TABLE OF CONTENTS

I. POLICY SUMMARY	1
II. DEFINITIONS	2
III. POLICY STATEMENT	2
IV. COMPLIANCE / RESPONSIBILITIES	4
V. PROCEDURES	4
VI. RELATED INFORMATION	9
VII. FREQUENTLY ASKED QUESTIONS	9
VIII. REVISION HISTORY	9

I. POLICY SUMMARY

The procedures in this document set forth the minimum requirements for recording attendance, time reporting, and leave accruals 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 to substantiate the salaries and wages charged to Federal and Federal flow-through 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., vacation hours earned) when an employee transfers positions within the University are also contained within this document.

The nature and extent of the rules and requirements in this document are determined by the status of the employee and the conditions of employment.

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 Lawrence Berkeley National Laboratory (LBNL) or UC Hastings.

II. DEFINITIONS

Overtime: Hours worked in excess of maximums set by federal or state law, or collective bargaining agreements that must be compensated at a premium rate of pay.

Shift differential: An amount added to an hourly rate to compensate for hours worked on an evening, late night, or other undesirable shift.

Bonuses and incentives: Any contractual or agreed-upon flat-dollar amount based on a measure of performance or on services performed.

Reimbursed expenses: Payments received for business-related expenses incurred on behalf of or for the convenience of the employer.

Premium pay: Extra pay provided for extra days worked, or extra hours worked.

III. POLICY STATEMENT

A. Departmental Records to Substantiate Payroll Payments

The purpose of this section is to prescribe the requirements for maintaining departmental records for payments made through the University's payroll systems. In addition, for personnel who are paid from Federal and Federal flow-through contract or grant funds, an approach for the review and confirmation of effort or equivalent is prescribed (see section III).

1. Staff and Academic Exempt Personnel

For staff and academic exempt 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.

2. Staff and Academic Non- Exempt Personnel

Attendance records that include the following information must be maintained in accordance with applicable FLSA non-exempt personnel policy provisions:

- Name, as it appears on the employee's social security card
- Home address
- Date of birth
- The beginning of the employee's workweek
- Regular rate of pay for overtime weeks, the basis for determining the rate, and any payments excluded from the regular rate.
- Hours worked each workday and workweek
- Straight-time earnings
- Overtime premium earnings
- Additions to and reductions from wages for each pay period (e.g., bonuses, garnishments, etc.)
- Date of payment and the pay period covered
- Sick leave accrual, utilization, and balances in hours;
- Vacation credit accrual, utilization, and balances in hours;
- 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.

B. Employee Transfers/Fund Changes

Vacation Transfers

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. If an individual transfers to or from Hastings to a campus or medical center, vacation balances must be paid out.

C. Leave Accrual

It is the policy of the University, and a requirement of the Federal government, that vacation leave charges be allocated equitably to all fund sources, and that such

charges be given the same cost accounting treatment regardless of fund source. As such, the University must charge a vacation assessment to all funding sources. These assessments must be accumulated and recorded into a liability account from which applicable salaries for vacation used must be charged.

In UCPATH, three distinct rates have been developed to facilitate the assessment of vacation leave. The three rates are: (1) non-zero rate for accruing staff and non-faculty academics, (2) non-zero rate for accruing fiscal year faculty and (3) zero rate for non-accruing staff and academics. Locations are allowed to utilize one, two, or all three rates. Rates must be evaluated annually and, if applicable, adjusted to ensure that the total accumulation of funds just cover the estimated salary costs for vacation leave earned in the current fiscal year adjusted for vacation lost due to employee reaching the leave vacation accrual maximum. Benefit costs should not be considered when calculating the assessment or included as a component of the salaries charged to the vacation liability account.

In PPS, 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.

Vacation Leave Assessment rates are to be developed locally by each location. Generally, these rates must be evaluated annually and are effective with the start of the fiscal year. However, locations may adjust rates during the fiscal year to account for system errors, or other extenuating circumstances

IV. COMPLIANCE / RESPONSIBILITIES

Function	Responsibilities
Chancellors, Deans, and Other Administrative Officers	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Periodically review departmental time and attendance records to evaluate the adequacy of those records.

V. PROCEDURES

A. Documentation of Personnel Expenses

For University personnel who are paid on or have commitments to work on Federal and Federal flow-through contract and grant funds, a confirmation review of personnel expense documentation must be completed by the employee or responsible official certifying the amount charge is accurate, allowable, properly allocated and applicable

to the sponsored research. These must be consistent with [2 CFR § 200.430\(i\)\(1\)](#), in which "charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed, and these records must be (i) supported by a system of internal controls, (ii) incorporated in official records, (iii) reasonably reflect total activity, (iv) encompass all compensated activities and (v) comply with accounting policies and practices." Failure to complete a confirmation review of the personnel expense documentation 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 confirmation, the process must occur no less frequently than annually and the procedures must be consistent with the following standards:

1. Confirmation Review of personnel services

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 must complete their own confirmation review 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. For staff employees who are paid on or have commitments to work on Federal or Federal flow-through funds their confirmation review must be completed by the employee, principal investigator, or responsible official with direct knowledge or acceptable method of verification that the work was performed.

2. Treatment of Revisions after Reviews Confirmation

Changes to previously reviewed confirmation of personnel expense document should be extremely rare. However, if an error had been identified, a new report should 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 III.3.) to ensure their allowability under audit. If revisions are required, the extenuating circumstances surrounding the need for a corrected report must be fully explained and documented.

3. Timeliness of Confirmation Reviews

Timely confirmation review of personnel services 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 Central Administrative Offices shall take progressive action to prompt corrective action and resolution according to local campus policy when required, including:

- 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 confirmation review be completed in a timely manner within 120 days of the end of the reporting period. Failure to complete within 120 days may result in action being taken by the campus to reverse the charges on the award, jeopardize submission of future proposals, cause a proposal to be withdrawn, and/or jeopardize the acceptance of future awards.

Late confirmation review 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 Central Administrative Office as required by local campus policy.

4. Precision of Review

[2 CFR § 200.430\(i\)\(1\)\(x\)](#) provides that "when recording salaries and wages charged to Federal awards for IHEs [Institutions of Higher Education], a precise assessment of factors that contribute to costs is therefore not always feasible, nor is it expected." Furthermore, [2 CFR § 200.430\(i\)\(1\)\(viii\)\(B\)](#) provides that "Short term (such as one or two months) in workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term. However, each campus must establish procedures to review on a regular basis direct charges to sponsored projects and to ensure all necessary adjustments are made timely and the final amount charged is accurate, allowable and properly allocated.

B. Time Reports

1. Salary Roll Exception Time Reporting

Employee salary payments made from payroll sub budgets are made automatically based upon an employee's appointment and distribution information recorded on the Employee Data Base (EDB)/UCPATH equivalent. 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, through the On-line Payroll Time Reporting System (OPTRS), or through UCPATH. Departmental attendance records must support the percentage of time worked and the dollar amounts paid from payroll sub budgets.

2. General Assistance Time Reports

Employee wage payments made from General Assistance sub budgets are generally made on the basis of positive time. This information must be substantiated further by recording the approved personnel action on the employee's time record. Daily attendance records must support the hours or percentage of time worked and the dollar amounts reported on the payroll.

Time records must be signed by an authorized person certifying that all data entered will result in proper payment.

In certain instances where time worked is reported to the data processing centers using 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.

C. Leave Accrual

Assessment rates are to be developed locally by each location. Established rates are applied against applicable gross earnings to determine relevant charges. This policy exempts several types of payments from inclusion in the assessment calculation:

- Overtime
- Shift differential
- Vacation pay
- Bonuses and incentives
- Reimbursed expenses
- Premium pay

In UCPATH, the assessment will continue to be charged against applicable earnings even after an employee reaches their respective leave accrual maximum.

The following assessment procedure is applied to all funds:

a. Assessment of Costs

- Each pay period leave assessment is made against each account/fund from which applicable salaries are paid, in order to finance vacation leave costs.
- 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 Codes: General Ledger*, for University-wide object code) and a credit against the Vacation Leave Liability account (X-115310).
- In UCPATH the assessment is a percentage of applicable gross payroll, with different assessment rates for (1) accruing staff and non-faculty academics, (2) accruing fiscal year faculty and (3) zero rate for non-accruing staff and academics. The VLA rates should be calculated to cover the total estimated costs for the employee vacation leave earned in the current fiscal year adjusted for vacation loss due to employee reaching the leave accrual maximum. Benefit costs should not be considered when calculating the assessment or included as a component of the salaries charged to the vacation liability account.
- In PPS, 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.

- The assessment rates are to be developed locally by each location that is also responsible for managing their local leave liability pool. Rates should be reviewed and adjusted each year. However, locations may adjust rates during the fiscal year to account for system errors, or other extenuating circumstances.

b. Payment

- In UCPATH, all vacation leave usage will be recorded in salary expense account and a corresponding credit will be recorded in benefit account, and a charge will be made against the Vacation Leave Liability account. In PPS, related employee benefits should be paid from the Vacation Leave Liability account.
- In PPS, 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.

D. Employee Transfers/Fund Changes

1. Vacation Transfers

The following procedures apply when an employee transfers from one position to another within a campus or to a position on another campus¹:

a. 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.

b. Intercampus Transfers

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

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

2. Sick Leave

When an employee transfers to another department or to another location (including LBNL 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

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.

on the appropriate records. Since sick leave liability does not accrue, a transfer of dollars is not necessary.

3. 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. RELATED INFORMATION

Related Business and Finance Bulletins

- [A-47](#) Direct Costing Procedures
- [IA-101](#) Internal Control Standards: Departmental Payrolls

Related Accounting Manual Chapters

- A-115-2 Accounting Codes: General Ledger
- P-196-38 Payroll: Interlocation Transfers and Appointments

[2 CFR § 200.430 Compensation-personal services](#)

[2 CFR § 200.431 Compensation-fringe benefits](#)

[Academic Personnel Manual, Section V. Benefits and Privileges](#), Section Numbers 700 through 759.

Related Personnel Policy for Staff Members

- [PPSM-30](#) Compensation
- [PPSM 2.210](#) Absence from Work
- [PPSM-80](#) Staff Personnel Records

[Fair Labor Standards Act](#), 29 U.S.C., Anntd., Secs. 201-206

VII. FREQUENTLY ASKED QUESTIONS

Not applicable

VIII. REVISION HISTORY

9/01/19: Reformatted to the new policy template. Included UCPATH with PPS as the payroll system. Removed magnetic tape and magnetic file. Updated references from OMB Circular A-21 to 2 CFR Part 200. Added information on Leave Accruals, rates, and procedures. Other minor technical revisions made. Excluded UC Hasting from scope except where expressly noted.

University of California – Policy P-196-3

Payroll: Attendance, Time Reporting and Leave Accrual Records

This revised policy was also remediated to meet Web Content Accessibility Guidelines (WCAG) 2.0.

6/30/10: Revised the employee benefits sub-budget object codes from “object codes 8930, 8931, and 8932” to “object code 8550: Employee Vacation and Sick Leave Assessment”.

9/30/09: Revised to include changes to a new Section III on Effort Reports.

3/31/07

6/30/06: Revised to include the effort reporting requirements for academic and staff personnel.

6/30/01

6/30/97: Revised to reflect the change to a single vacation leave accounting assessment procedure (formerly the alternative procedure) for all campuses. Rescinded Accounting Manual chapter P-196-13.5, *Accounting for Vacation and Sick Leave—Alternative Procedure*, and the relevant information incorporated into Accounting Manual chapter P-196-13.

12/30/96

6/30/96

9/30/95: Revised to incorporate on-line time reporting modifications to the Payroll/Personnel System (PPS).

6/30/94: Revised to clarify the time reporting requirements for employees paid from Federal grants and contracts. It also clarifies the time reporting requirements contained in the Fair Labor Standards Act regarding exempt and nonexempt employees.

12/1/86

6/15/85

9/1/77

7/1/77: First published 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*.