POLICY AND PROCEDURE

Subject: Payroll Policies	***Index:*** Finance ***Number:*** 201-5
Effective Date: September 1, 2005	***Prepared By:*** Finance & Administrative Services
Supersedes: July 1, 2003	***Approved By:***

1.0 PURPOSE:

To establish Policies and Procedures that direct personnel in the process of payroll.

2.0 ORGANIZATIONS AFFECTED:

All departments and divisions.

3.0 REFERENCES:

3.1 Human Resource's Policies and Procedures.

3.2 San Clemente City Employee's Association – Memorandum of Understanding.

4.0 POLICY:

4.1 **Pay Periods** – The City of San Clemente operates on a bi-weekly payroll. Pay periods end on Sunday. Pay dates are the following Friday.

4.2 **Pay Rates** - All monthly rates are converted to hourly rates for purposes of pay. The monthly rate is multiplied by 12 months to get an annual rate, and then divided by 2080 hours, the standard number of working hours per year.

4.3 **Payroll Maintenance Items** – All payroll maintenance items affecting individual payroll computations must be submitted to the Finance Division by 5:00 p.m. on the Thursday preceding the end of a pay period in order to be reflected within the payroll of that pay date.

4.4 **Completed Time Sheets** – Completed time sheets must be delivered to the Finance Division from all departments/divisions by noon of the Monday following the end of the pay period. When there is a holiday week-end involved, the Finance Division will issue special instructions on when time sheets are to be submitted, due to the short work week.

4.5 **Payroll Discrepancies** – Pay check shortages resulting from errors recorded on the timesheets or the absence of appropriate variances (i.e. overtime hours) will not be corrected by the Finance Division until the next payroll date.

4.6 **Payroll Check Distribution** – Payroll checks will be available for distribution from the Finance Division after 11:00 a.m. on the scheduled pay dates.

4.7 **Direct Deposit** – The payment information for direct deposits are sent via modem to the bank on Wednesday of the pay week, before noon. Net payroll amounts are available in the employee's bank account on the Friday of the pay week.

5.0 DEFINITIONS:

5.1 **Direct Deposit** – The City offers direct deposit of pay. In order to initiate direct deposit, employees must fill out an authorization agreement. Authorization agreements are available from Human Resources or Finance.

5.2 **Pay Date** – The day payroll checks are distributed which is usually the Friday following the end of the payroll period.

5.3 **Payroll Maintenance** – Includes Personnel Action Forms indicating new hires, promotions, demotions, reclassification, merit increases and additional pays. Also, includes payroll withholding statements such as W-4's, Deferred Compensation, Credit Union, Sec. 125 Plan information, etc.

5.4 **Payroll Period** – The payroll period is the bi-weekly time period for which payroll is calculated, and starts on a Monday and ends on a Sunday.

5.5 **Payroll Forms which are available from Human Resources**

5.5.1 **Personnel Action Form** – These forms are initiated by departments/divisions for new hires, promotions, demotions, reclassifications, merit increases and additional pays.

5.5.2 **Application for Leave** – This form is used to request and report compensated leave such as sick, compensatory time used and special leave during a pay period.

5.5.3 **Employee's Withholding Certificate (W-4)** – This form is used to report the correct withholding allowances for federal taxes from an employee's pay and is required by the federal government to be completed annually.

5.5.4 **Direct Deposit Authorization Agreement** – This form is used for the employee to authorize the City to deposit their pay directly into their bank account.

5.6 **Payroll Forms which are available from the Finance Division**

5.6.1 **Employee Time Sheet** – This form is for employees to submit exceptions and variations to hours worked, and classification as to projects worked on during a pay period.

6.0 PROCEDURE:

6.1 Time Sheets – General

6.1.1 Time sheets must be turned into payroll by noon of the Monday following the end of a pay period.

6.1.2 Time sheets should not be reviewed, approved or submitted to the Finance Division prior to the end of the pay period.

6.1.3 Pay check shortages or overages resulting from errors recorded on time sheets or the absence of appropriate variances will not be corrected until the next payroll date.

6. 1. 4 Time sheets must be reviewed and reconciled to all Application for Leave forms, hours worked (if hourly) and proper coding of leave. Timesheets must be signed by both the supervisor and the employee before they are sent to Finance.

6.2 Time Sheets – Detail

6.2.1 Accrued payroll information is located at the lower left hand corner of the time sheet. This shows the accrued vacation, sick, compensatory, and other special leave accruals.

6.2.2 Codes used for the reporting of compensated type leave and compensatory time is listed on the bottom center of the time sheet.

6.2.3 Project account numbers to report time worked on special projects can be obtained from the department/division head. The Financial Analyst is in charge of assigning and being the custodian of these account numbers.

6.2.4 The columns on the left of the time sheet are for the reporting of compensated leave, project accounting and compensatory time worked. The columns are labeled by the days of the work period, a total column, a work or leave code column and project accounting columns. Fill in a row for each leave/compensatory code or project account number applicable. Total the columns down and rows across, and double check to make sure that all time is accounted for.

6.2.5 Sign and date the time sheet in the lower left hand area designated employee signature and submit it to your department/division head for their approval.

6.3 Payroll Changes

6.3.1 Payroll changes are reported on a Personnel Action Form available from Human Resources. See Human Resource's Policies and Procedures for completion details.

6.3.2 Personnel Action Forms with payroll changes must be approved and signed by the Department Head and Human Resource Manager.

6.3.3 Personnel Action Forms must be turned in to payroll by 5:00 p.m. of the Thursday preceding the end of a pay period in order to reflect the changes within the upcoming pay date.

6.4 Vacation/Sick Leave

6.4.1 Vacation and sick leave are accrued within the payroll system (see Human Resources Policy and Procedures for detail on the amount and time frame of accruals).

6.4.2 Employees must note the amount of leave used during the pay period on "Application for Leave" form and turn the request form in to their supervisor with the time sheet covering the period during which the leave was taken.

6.4.2 Current accrual balances are reported on the lower left hand side of the bi-weekly time sheet.

6.5 Compensatory Time

6.5.1 Compensatory time earned during the pay period should be noted on the appropriate time card in the designated space. This compensatory time is subject to a maximum accrual, which is stated in the Memorandum of Understanding between the City and the General Employees Union.

6.5.2 Before working compensatory time, the approval of the direct supervisor is required.

6.5.3 Compensatory time used is noted on the "Application for Leave" form.