SAN JOAQUIN COUNTY WORKNET
EMPLOYMENT AND ECONOMIC DEVELOPMENT DEPARTMENT
POLICIES AND PROCEDURES DIRECTIVE

DIRECTIVE NO.	EFFECTIVE DATE	APPLICABILITY	PAGE
25-02	July 1, 2025	DEPT	1 of 5
SUBJECT:	**PAYROLL AND TIME DISTRIBUTION**		

I. PURPOSE

The purpose of this directive is to establish clear and consistent policies and procedures for the allocation and documentation of payroll and time distribution costs across all funding sources, including Federal awards.

II. GENERAL INFORMATION

This directive is designed to ensure compliance with the Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200), specifically sections 200.430 and 200.431, which govern compensation for personal services and fringe benefits. The intent is to ensure that personnel costs charged to Federal programs are reasonable, allowable, allocable, and supported by adequate documentation and internal controls.

Compensation for EEDD employees must be reasonable for the services rendered, conform to San Joaquin County's established written compensation policies, and be applied consistently across both Federally funded and non-Federally funded activities. All salaries and wages must reflect fair market value for the work performed and must be supported by appropriate documentation. Personnel appointments, pay rates, and classifications must be consistent with applicable State, and federal laws and San Joaquin County Human Resource policies and procedures. Compensation practices must not favor Federal programs over non-Federal ones and should reflect uniform treatment across all funding streams.

References

- 2 CFR 200.430 – Compensation – Personal Services
- 2 CFR 200.431 – Compensation – Fringe Benefits
- 29 CFR 516 – FLSA Recordkeeping
- OMB Uniform Guidance

III. POLICY

This policy applies to all EEDD employees whose compensation is funded in whole or in part by Federal awards, including both direct and indirect charges, and to any personnel expenses used to meet Federal cost-sharing or matching requirements.

Time reporting is required for all employees whose salaries are funded in part or in whole by Federal awards. The Financial Management Division (FMD) shall maintain records that accurately reflect the total activity for which the employee is compensated, not exceeding 100% of the employee's time. These records must be part of the official accounting system and must be supported by internal control mechanisms that ensure charges are accurate, allowable, and properly allocated.

Employees working on multiple cost objectives (e.g., across more than one grant or function) must document time through periodic certifications or detailed timesheets. The distribution of salaries and wages must be supported by after-the-fact records that accurately reflect the actual work performed. They must be based on reasonable approximations and be adjusted to reflect significant changes in the employee's actual activities.

All non-exempt employees, as defined under the Fair Labor Standards Act (FLSA), are required to accurately record their daily hours worked. Timesheets or electronic timekeeping systems, such as Peoplesoft, must document the total number of hours worked each day, including time spent on different funding sources or cost objectives. Supervisors must review and approve time records on a regular basis to ensure compliance and accuracy. These records must be retained as part of the organization's official documentation for the period specified under applicable state and Federal record retention requirements.

Compensation for services outside the employee's primary organizational responsibilities must be governed by written policies that define allowable external professional activities. Employees engaging in outside work must obtain prior written approval and ensure that such work does not interfere with or result in the misallocation of time charged to Federal programs. Time spent on outside work must not be charged to Federal awards.

Incentive compensation, such as bonuses or merit-based awards, must be reasonable and paid pursuant to a written agreement or established incentive plan that is applied uniformly to all relevant staff. Such payments must comply with federal cost principles and may not be used as a means to supplement Federal funding without proper authorization.

Fringe benefits must be accounted for in accordance with 2 CFR 200.431 and applied consistently to both Federal and non-Federal activities. These may include but are not limited to paid leave, health insurance, retirement contributions, and other customary benefits. Fringe benefit costs must be documented and supported by established organizational policies and practices.

FMD will conduct periodic internal reviews and audits to verify compliance with payroll and time distribution policies. Any discrepancies will be documented, and corrective action, including payroll adjustments or staff retraining, will be implemented promptly. Staff who consistently fail to comply with time reporting or payroll procedures may be subject to disciplinary action, up to and including termination.

IV. PROCEDURE

All timesheets must be reviewed and certified by the employee and their immediate supervisor or manager. If the supervisor or manager identifies significant time distribution variances, appropriate adjustments will be made to ensure compliance with Federal cost principles. When employees attempt to submit their timesheets, a pop-up message appears stating: *"I certify that the time entered above is accurate to the best of my knowledge."* Employees must acknowledge and agree to this statement to complete the submission. Payroll staff shall process personnel charges in accordance with certified time records.

At least quarterly, FMD staff will perform reconciliations of budget estimates and actual time records. If significant variances are identified, appropriate adjustments will be made to ensure compliance with Federal cost principles. All timekeeping, effort reporting, and payroll documentation will be retained for a minimum of three years following the close of the applicable grant, unless a longer retention period is required by law or grant conditions.

Timesheet Submission and Verification

Employees are required to enter their time in the County PeopleSoft system by 12:00 PM on Friday of each pay week. Supervisors must review and approve all submitted timesheets by 2:00 PM that same day. Upon supervisor approval, the Accounting Technician (Account Tech.) performs a final review of each timesheet to ensure the proper use of time reporting codes and verifies that comments are entered for categories such as Sick, Family Sick, Bereavement, and Overtime. It is imperative that all overtime be pre-approved by the Director. The Account Tech. also completes tasks outlined in the County Payroll Processes task list, posts flexible or floating holidays and birthdays to the appropriate employee records, and enters any catastrophic leave time. The Accountant conducts a secondary review to ensure project reporting codes are accurate. A final Reported Time Report must be submitted to the Fiscal Manager by 3:00 PM on the Monday following timesheet submission.

PeopleSoft Payroll Approval

The Fiscal Manager is responsible for final payroll approval within PeopleSoft. After reviewing the Reported Time Report, the Fiscal Manager approves time and enters the appropriate department number. The Fiscal Manager will verify the time reported for all employees, select all records, and approve the reported time accordingly.

Checking for Exceptions in PeopleSoft

On Tuesday morning, the Accounting Technician reviews payroll exceptions (e.g., time entry errors or unapproved timesheets) and runs a search to identify any outstanding issues. All exceptions must be resolved and cleared by noon on Tuesday to ensure accurate payroll processing.

FMS Entry

The Account Tech. is responsible for entering payroll data into the FMS Timesheet system. A report is generated from PeopleSoft and downloaded into Excel, where pivot tables assist in summarizing and allocating labor codes. The technician will access the employee’s record in FMS to confirm that the employee's name matches the timesheet and enter the total hours worked along with the position number.

Print Time Sheet List (PTSL) Review and Verification

Once timesheets are entered, the Account Tech. runs a PTSL report to verify entries. The report is compared with timesheet account codes and production hours. If discrepancies are found, the Account Tech. must return to Enter Time Sheets New (ETSN) to make corrections. When all entries are accurate, the PTSL report and timesheets are submitted to the Accountant for secondary verification. The Accountant reviews each labor code and corresponding hours, marking each item as verified. They confirm that production hours on the timesheet align with those on the PTSL report and verify the total number of timesheets matches the number of staff paid. Any inconsistencies must be investigated. Once all entries are validated, the Accountant posts the timesheets into the system.

Downloading Payroll Data File from County ISD

On payday, the County Information System Division (ISD) provides the payroll data file containing the total payroll cost for the period. The Accountant downloads this file, saves it to a secure folder, and merges any duplicate or triplicate employee entries into single lines. The cleaned file is saved in the appropriate payroll directory, using a standardized naming convention. The uploaded payroll amount must match the Auditor's payroll journal. Once verified, the local copy may be deleted.

Payroll Corrections

If errors are identified in the current pay period but are not corrected in time to reflect on the issued paycheck, the Accountant is responsible for submitting a payroll correction using either a generic payroll change form or a detailed change form, in accordance with County Payroll Office procedures. These adjustments are documented and processed in alignment with established correction protocols.

Payroll Cost Reconciliation

On the Thursday prior to payday, the Accountant runs the Payroll Cost Summary Report in PeopleSoft. When the journal is posted on payday, the Accountant enters the journal into FMS and verifies it against the total payroll cost by executing the SORT PAYROLL statement. Payroll cost journals are recalculated monthly using journal breakdowns from the Auditor's end-of-month reports. Any significant discrepancies must be reported to the Fiscal Manager immediately.

Labor Allocation

Labor allocation is completed by the Tuesday following payday. This process is guided by the separate "Labor Allocation" procedure, which outlines detailed steps for correctly assigning labor costs to appropriate grants, projects, and funding streams.

V. QUESTIONS REGARDING THIS DIRECTIVE

May be referred to the Executive Director of EEDD via Managers or designee.

VI. UPDATE RESPONSIBILITY

The Executive Director of EEDD and/or designee shall be responsible for updating this directive, as appropriate.

VII. APPROVED

Patricia Virgen

PATRICIA VIRGEN
EXECUTIVE DIRECTOR

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