State of Arizona Accounting Manual

INTRODUCTION

Payroll represents a significant cost to the State. The accuracy of computing employee compensation, taxes, and other payroll related items, depends upon the correct entry of employee time records.

POLICIES

1. The accuracy of employee compensation is dependent upon the proper reporting of employee time records; therefore, individual time records must be reviewed and approved by supervisory personnel.

2. All State agencies utilizing the ADOA payroll system must conform to the State workweek, which begins Saturday at 12:00:00 a.m. and ends Friday at 11:59:59 p.m.

3. The correct pay codes, shift codes, deduction codes and, if applicable, attendance codes must be used when recording hours, pay, deductions, reimbursements, etc.

4. Unless there is an automated time clock system in use, all worked hours are to be recorded to the nearest 15 minutes (0.25 hour). In accounting for time to be recovered under a grant, hours worked can be rounded to the nearest 30 minutes (0.50 hour).

5. Hours worked must be recorded to coincide with the day on which they were actually worked.

6. All leave hours, except holiday leave and leave payout hours, should be recorded to coincide with days the employee is normally scheduled to work.

7. Holiday pay (pay code 320) and holiday leave earned (pay code 321) should be recorded to coincide with a day on which a State holiday is observed.

8. To avoid overpayments, all leave to be paid must be verified against the employee's available leave balances; this verification must be conducted prior to approval of the employee's time record.

9. In accordance with the State's General Records Retention Schedule for Financial Records (http://www.azlibrary.gov/arm/retention-schedules), employee time and

leave records must be retained for at least three (3) years after the fiscal year created or received.

10. All State agencies should submit their employees' time records by the prescribed deadline to be reviewed by their supervisor. Whenever possible, forecasted time should be minimized to reduce the need for adjustments.

11. Agency payroll personnel must review payroll information to ensure it has been properly recorded.

11.1. It is the responsibility of the employee to ensure his time record is accurate, completed and submitted in accordance with the deadlines set by his agency. If the employee knows he will be unavailable to complete the entry of a pay period's time, the employee should, if practicable, communicate this to his supervisor.

11.2. It is the responsibility of the supervisor to complete the review and approval of his employees' time records in accordance with the deadlines set by the agency. If the supervisor will be unavailable for the review and approval of time records, the supervisor should communicate this to his supervisor or designated proxy.

11.3. It is the responsibility of the agency payroll coordinator or his designated alternate to review all payroll-related entries (e.g., time entries, labor distributions, adjustments, etc.) before the applicable deadlines; any entries or adjustments that must be made after the applicable deadline will have to be submitted to the agency payroll office. The applicable statewide deadlines are:

11.3.1. For ETE, 6:00 pm Arizona time, the second Saturday of each two-week pay period.

11.3.2. For HRIS, 2:00 pm Arizona time, Tuesday of each pay week.

11.3.3. For other State systems, the time and date established by an agency for completion of certain payroll related processes.

12. Some circumstances (e.g., new hires, separating employees, employee transfers, system issues, etc.) may prevent an employee from submitting an electronic time record. To accommodate such situations, if the time recording system used is ETE, a Form GAO-32 should be completed and sent, as applicable, to the agency payroll coordinator or his designated alternate for processing.

13. Under Federal law, overtime pay and/or (for those eligible) compensatory time are not earned in any workweek until forty (40) hours have been worked. Consequently, no overtime hours should be recorded for any workweek until forty (40) hours have been worked.

13.1. Strictly speaking, this means that when an employee has worked forty-five (45) hours in a workweek, spread evenly over a five-day workweek, the hours should be recorded as shown below:

Day	1	2	3	4	5
Regular Hours	9	9	9	9	4
Overtime Hours	0	0	0	0	5

13.2. However, it is recognized that under certain circumstances, in order to achieve appropriate recovery of programs costs, etc., it becomes necessary or desirable to record the hours that contributed to the accumulation of overtime to the days upon which excess hours were worked. This can be accomplished by adjusting one's hours on an after-the-fact basis, but only after the required forty (40) hours for the workweek have already been worked. Thus, when an employee has worked forty-five (45) hours in a workweek, spread evenly over a five-day workweek, the hours can retroactively be adjusted and recorded as shown below:

Day	1	2	3	4	5
Regular Hours	8	8	8	8	8
Overtime Hours	1	1	1	1	1

13.3. Hours worked are those hours during which labor is actually performed or services rendered. Hours worked do <u>not</u> include annual leave, sick leave, holiday leave or any other credited hours during which no labor is performed or no services are rendered.

14. A meeting attendance fee paid to board or commission members should be recorded to reflect the day of the meeting to which it applies.