



## Virginia Department of Criminal Justice Services

**Title:** Charge and Track Payroll Expenses

**Revision History:**

**Effective Date:** March 6, 2019

**Purpose:**

The purpose of this document is to outline a policy and procedure for tracking payroll for internal grants, administrative costs and personnel assigned to grant programs.

**Authority:**

The Director of the Department of Criminal Justice Services has the authority in the Code of Virginia to implement policies needed for the operation of the agency.

The 2006 Code of Virginia § 2.2-803 - Financial Accounting and Control, establishes unified financial accounting and control systems throughout the departments and agencies of Virginia.

Title 31 U.S.C (the Cash Management Improvement Act of 1990) imposes on the states a responsibility to develop and negotiate agreements governing the flow of cash from the U.S. Treasury to the Commonwealth. Careful analysis and monitoring of this program is critical due to the interest penalty that accrues for the time that a state agency holds federal cash.

The Uniformed Guidance located in (2 CFR § 200.430) State, Local, and Indian Tribal Governments Compensation—personal services states that charges made to federal awards for salaries, wages, and fringe benefits must be based on records that accurately reflect the work performed and comply with the established policies and practices of DCJS.

**Background:**

The Commonwealth Accounting Policies and Procedures (CAPP) Manual is written and published by the Department of Accounts (DOA) to provide authoritative guidance on the application of accounting policies, procedures and systems pursuant to Section 2.2-803 of the Code of Virginia.

The CAPP Manual provides a standardized approach to fiscal and accounting matters within the authority of the State Comptroller. The manual is organized by Volume, Function, Section, and Topic. Each page of the manual reflects the format presented at the top of this page. Cardinal is the current accounting system, CARS was decommissioned July 1, 2016.

The Cardinal Human Capital Management (HCM) Project will replace CIPPS in conjunction with the replacement of the Personnel Management Information System (PMIS) and Benefits Eligibility System (BES). This project leverages the Commonwealth's investment in the Oracle PeopleSoft application and allows for full integration to the Cardinal Financial application.



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### **Definitions:**

CAPP- the Commonwealth Accounting Policies and Procedures guidance on the application of accounting policies, procedures and systems

PMIS – Personnel Management Information System – personnel system operated by DHRM which governs pay entitlement information for Executive branch salaried employees and faculty

CIPPS is the centralized payroll system. The acronym stands for Commonwealth Integrated Payroll Personnel System as originally it was purchased to integrate personnel and payroll functions into one system.

### **Policy:**

Payroll policies are established by the CAPP Manual Topic Numbers, Volumes 50100 through 50915. The CAPP Manual – Cardinal is located in its entirety online in .pdf at [http://www.doa.virginia.gov/Admin\\_Services/CAPP/CAPP\\_Main\\_Cardinal.cfm](http://www.doa.virginia.gov/Admin_Services/CAPP/CAPP_Main_Cardinal.cfm)

The attached Procedure for Recording Federal Payroll Costs is the Department of Criminal Justice (DCJS) process to record payroll costs for employees, specifically as related to the process of recording federal payroll charges. Many times payroll costs must be split among grants/state initiatives for employees that work on at least one federal grant and another initiative (grant or state funded). Their payroll costs are split between the federal grant(s)/initiatives based on timesheets by category in the Time Attendance and Leave (TAL) System which records the actual time (hours) worked and effort given (project and category).

All employees have some level of responsibility for proper payroll administration and pay accuracy. Management is responsible for ensuring that a professional, supportive environment exists for administering payroll activities. Supervisors ensure that employees comply with established work schedules and authorize and report absences and overtime. Human Resources authorizes pay changes through timely updates to the Personnel Management Information System (PMIS). Employees update their W-4 forms, inform payroll administrators of discretionary deduction changes, and regularly review pay stubs to ensure information accuracy. Managers, supervisors, employees, and payroll professionals must work together to ensure pay is timely and accurate.

Human Resources (HR) fills out an Agency Hiring Request Funding Approval form when an offer to hire is accepted. It is verified by the hiring manager. Finance confirms the funding is available, prior to Agency Director Approval. When an employee is hired HR fills out an Action Request Form with the personnel coding by Department, Account, Activity, Program, Sub-program, Project, Cost Center, Fund and percent. The form is given to the hiring manager who signs and then obtains the Division Director and Agency Director's signature. Once the form is filled out and signed it goes back to Human Resources where it is entered into Personnel Management Information System (PMIS). It is then submitted to DOA, to be updated into CIPPS and populate TAL. If the employee changes positions or if the funding source is changed a new form is filled out and kept in the personnel/position file and new form should be shared with Finance.



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If the employee is working solely on one federal grant or only on state initiatives, the employee's payroll costs can go directly to that grant/those state initiatives as assigned by Fund, Department, Program, and Project codes at 100 percent. This is accomplished by assigning a cost code(s) to the employee that corresponds to an existing Cardinal Speedtype that generates the correct funding source to the payroll when it interfaces to Cardinal from the Commonwealth Integrated Payroll Personnel System (CIPPS). If no existing speedtype matches the desired funding stream, then a speedtype must be established that will translate to the correct funding source (Fund, Department, Program, and Project) in Cardinal. Once the new speedtype is established, the CIPPS data must be updated to include this speedtype as the employee's "Cost Code" in CIPPS. (See attached Procedure for Recording Federal Payroll Costs).

The *Uniform Guidance* requires that time distribution records must be maintained for all employees whose salary is paid in whole or in part with federal funds or is used to meet a match or cost-share requirement for a grant. Charges are entered by employees in the Time Attendance and Leave (TAL) System by entering their hours worked, and grant program by category. TAL is an automated system used by DCJS to capture time, attendance, and leave usage. Time is recorded by grant funded employees as time actually worked - not as budgeted.

The TAL system used by DCJS allows for an actual "Time and Effort Reporting" framework to document an employee's work time and allocation to specific funding sources. It is the basis for agency payroll and billing to the appropriate funding sources for personnel expenditures and is reconciled to Cardinal and the grant funded budgets. If actual time worked and charged to the grant projects differs from the budgeted allocations, adjustments should be made such that the final amount charged to each grant is accurate, allowable, and appropriately allocated. This can be done by running a bi-weekly, monthly, quarterly or annual report of hours worked by category. This will show the personnel name, category or project, date and hours worked.

All employees charged to federal grants must use the TAL system. Reconciliation is done based on the Procedure for Recording Federal Payroll Costs so that grant program managers and the grants administration unit can verify that work was actually performed on the project; the level of effort matches what was committed in the proposal budgets; employees were not overcommitted; salary charges were appropriate; cost sharing components were met as agreed (administrative and matching); and that the terms and conditions of the award were fulfilled.

The Uniform Guidance, 200.430 (a)(1), indicates that "costs of compensation are allowable to the extent that they [are] reasonable for the services rendered and conform to the established written policy of the non-Federal entity consistently applied..." Per the Uniformed Guidance "charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed."



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DCJS' process and records adhere to the following standards in the Uniformed Guidance:

- (i) Supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities
- (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy; and,
- (v) Comply with the established accounting policies and practices of the non-Federal entity;
- (vi) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

### **TAL User Responsibilities:**

#### Grant Personnel

- Enter time in the time sheet based on actual time worked on grant projects.
- Submit leave requests to supervisor for approval.
- Review time and leave entry on last working day of the pay period to ensure correct time and coding by category.
- Inform his/her supervisor or payroll coordinator of any edits corrections as soon as possible.
- Electronically approve the time sheet by marking it complete.

#### Supervisors

- Access the TAL website daily to check for and respond to messages.
- Edit and correct time sheet entries before the deadline.
- Verify that the assigned grant personnel are charging the correct category (project).
- Review and respond to leave requests.
- Submit prior pay period corrections as soon as known.
- Enter/review/approve compensatory time elections.
- Answer employee questions regarding the TAL system
- Review and approve time entries based on project codes (category) and actual time worked on the time sheet in the TAL system this will serve as your electronic signature.



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### Human Resources

- Access the TAL website daily to check for and respond to messages.
- Edit and correct time sheet entries before the deadline.
- Submit prior pay period corrections as soon as known.
- Answer employee questions in regards to the TAL system.
- Serve as the final time sheet approver. Your review of the time sheet entries completed by the employee and approved by the supervisor will serve as your electronic signature.

**NOTE:** Please be aware of leave balances accumulated by grant personnel and the grant program regulations for payout of that leave. Every effort should be made to pay leave balances out of the grant budget to reduce the liability on the general fund budget. The Grants Administration staff may request a report of grant personnel by category to audit time and effort at least annually.

### Retention of Records:

Retain all financial records, supporting documents, statistical records, and all other records pertinent to the award for a period of 3 years from the date of submission of the final expenditure report (Federal Financial Report/SF-425). For more information, see 2 C.F.R. § 200.333.

- Retention is required for purposes of Federal examination and audit.
- Records may be retained in an electronic format.

### Coverage:

The retention requirement includes, if applicable, books of original entry, source documents, supporting accounting transactions, the general ledger, subsidiary ledgers, personnel and payroll records, cancelled checks, and related documents and records.

- Source documents may include copies of all awards, applications, and required recipient financial and narrative reports.
- Personnel and payroll records must include the time and attendance reports for all full-time and/or part-time individuals reimbursed under the award.
- Time and effort reports are also required for consultants

### **Interpretation**

The Agency Grants Administration Manager, Human Resources Manager, and Finance Manager will provide the understanding, explanation and/or analysis on the policy.

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March 06, 2019  
Effective Date