



TOWN OF HILLSBOROUGH

PERSONNEL POLICY

POLICY 503

CREATED 8/18/97

SUBJECT: PAYROLL PROCEDURES

PURPOSE: To establish a process to ensure that employees are paid properly and accurately complete their timecards.

STATEMENT OF POLICY:

It is the policy of the Town to pay employees all compensation they are entitled to receive in compliance with all applicable state and federal laws. This policy describes some of the basic rules concerning the Town's timekeeping and payroll procedures, as well as the steps employees should follow to ensure that they are paid properly for all time worked.

1. Review Your Pay Stub

The Finance Department works hard to ensure that all employees are paid correctly, but mistakes can happen. When mistakes do occur and are called to the attention of the Finance Department, we will promptly make any necessary corrections. Please review each paycheck and pay stub when you receive it to make sure your pay is correct. If you believe an error has occurred or if you have any questions about your paycheck or pay stub, please promptly report the matter to your supervisor or Finance.

2. Non-exempt Employees

Under the Fair Labor Standards Act ("FLSA"), most employees must be paid at least the federal minimum wage and must receive overtime pay at one and a half times their regular rate of pay for all time worked over 40 hours in a workweek. Employees who are entitled to receive overtime pay are referred to as "non-exempt."

If you are classified as a non-exempt employee, you must record the time you work each day. Your arrival, departure and meal break times must be recorded accurately. Non-exempt employees are prohibited from working "off the clock" (i.e., without reporting the time worked). When you receive your paycheck, please verify immediately that your working time was recorded accurately and that you were paid correctly for all hours worked.

When you work, you must report all the time you work. Non-exempt employees should not work any time that is not authorized by their supervisors. Do not start work early, finish work late, work during a meal break or perform any other extra or overtime work unless you are directed to do so. If you have any questions about when or how many hours you are expected to work, contact your supervisor or Human Resources immediately.

It is a violation of Town policy for anyone to instruct or encourage another employee to work "off the clock," to incorrectly report hours worked or to alter or input information on another employee's time records. If anyone directs or encourages you to incorrectly report your hours worked or to alter or record time on another employee's time records, you should report the incident immediately to your supervisor or Human Resources.

3. Exempt Employees

Under the FLSA, some employees are exempt from the minimum wage and overtime requirements. In particular, the statute includes exemptions for executive, administrative and professional employees. If you are classified as an exempt employee, you will receive a predetermined base salary. Depending on your position, you may also be eligible for additional compensation. Your base salary will be established at the time of hire or when you become classified as an exempt employee. The base salary is subject to review and may be changed from time to time.

Under the FLSA, the base salary of an exempt executive, administrative or professional employee may not be reduced due to variations in the quantity or quality of the employee's work. However, the regulations permit salary deductions for the following absences from work:

- full-day absences for personal reasons, sickness or disability;
- unpaid disciplinary suspensions of one or more full days imposed in good faith for violations of a written policy applicable to all employees;
- leaves of absence taken pursuant to the Family and Medical Leave Act;
- to offset amounts received as payment for jury and witness fees or military pay;
- time not worked during the first and last weeks of employment; and
- any full work week in which you do not perform any work.

Your salary may also be reduced for certain types of deductions such as your portion of health, dental or life insurance premiums, state, federal or local taxes, social security or voluntary contributions to a 403(b) or pension plan.

In any work week in which you performed any work, your salary will not be reduced for any of the following reasons:

- partial-day absences for personal reasons, sickness or injury (unless permission to use accrued leave has not been received or has been denied, the employee chooses to use leave without pay or accrued leave has been exhausted);
- absences on a regularly scheduled work day when the Town decides not to operate;
- absences for jury duty, attendance as a witness, or military leave in any week in which you have performed any work;
- unpaid disciplinary suspensions of less than one day or unpaid suspensions for reasons that do not involve violations of a written workplace conduct policy applicable to all employees; or
- any other deductions prohibited by federal, state or local law.

The Town may reduce an employee's accrued vacation, personal or other forms of paid time off for full or partial day absences for personal reasons, sickness or disability, unless prohibited by applicable state law.

Generally, exempt employees are not required to complete and submit time cards. If an exempt employee is absent for one of the reasons listed above, including for illness, injury, disability, vacation or other leave, he/she must submit a time card reflecting the number of hours of leave the employee used in a pay period. The Town, however, reserves the right to require exempt employees to complete and fill-out time cards.

4. Overpayments

If an overpayment has occurred, the Finance Department will work with the employee to recover the funds immediately. A payment plan can be approved by the City Manager or his/her designee should the employee claim hardship.

5. Reporting Errors and Obtaining More Information

If you have questions about deductions from your pay, if you believe you have been subject to any improper deductions or if your pay does not accurately reflect your hours worked, please contact your supervisor or the Finance Department.

If you have not received a satisfactory response within five business days after reporting an incident, please immediately contact the City Manager's office.

Every report will be fully investigated. Every effort will be made to ensure that you receive the pay to which you are entitled. The Town does not allow any form of retaliation against individuals who make good faith reports of alleged violations of this policy, or who cooperate in an investigation by the Town, even if the reports do not reveal any errors or wrongdoing. Retaliation is unacceptable and any form of retaliation in violation of this policy will result in disciplinary action up to and including discharge. If the Town concludes that an employee has violated this policy,

corrective action will be taken where appropriate, up to and including discharge.