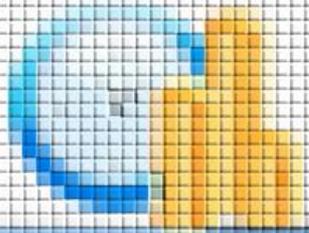


Time and Attendance Best Practices

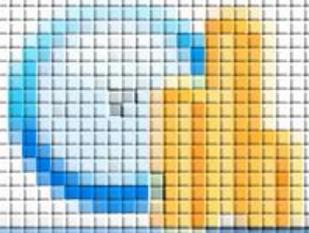
Tennessee Statewide Payroll Conference
Thursday, August 8, 2019
Session 2C

Speaker: Tim Cochran, CPP



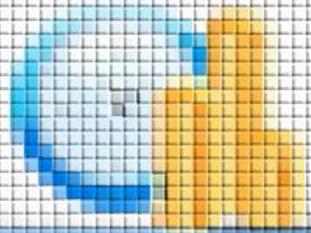
Time Tracking

- The process of tracking the time spent on work, tasks and projects.
- Tracking and reporting on time allocation is a business process that is often underestimated in its importance and complexity.
- It allows you to allot time efficiently and reduce delays to a minimum.
- Tracking time will improve productivity since time is measured and used effectively.
- It gives management a better understanding of the performance of individual resources.
- It provides a baseline for estimation for future work, tasks and projects.
- It can be used in planning for budgeting for projects both from a Capital perspective and a general Operations & Maintenance perspective.



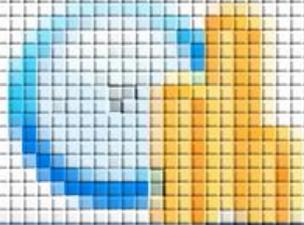
Why Track Time?

- Time tracking answers a lot of potential questions within any company.
 - What is actually being working on?
 - How much is being invested in a project?
 - How much has been invested in similar projects in the past?
 - What resources will be needed to complete the work?
 - Where are the bottlenecks in our operations?
 - How far off are work estimates?
 - How much should each employee be paid?



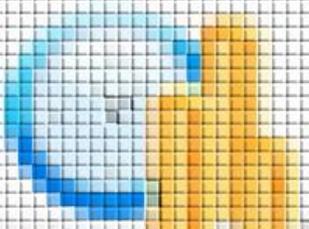
Not Time Tracking, means....

- Resources may be under utilized because less tasks are allotted than they could really complete.
- Management strictly depends on others to know exact status of work.
- Team leaders and members are not able to judge how long a task will take.
- It is difficult to track how much time may be wasted on non-essential actions.
- Makes it difficult to understand how to structure future work / projects.
- Possibility of non-compliance with or abuse of overtime rules and regulations.
- Inconsistencies in pay and policies



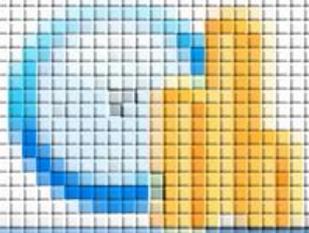
Stages of Company Maturity

- Chaos:
 - Overcommitment with not enough processes or you don't follow the ones you have.
 - You cannot repeat past successes – you don't know how you got there in the first place.
- Transition:
 - Tracking of most direct labor on projects.
 - Beginning to understand what projects cost and the life cycle of a project.
 - You have some idea of how you got there and are working toward having a repeatable process .



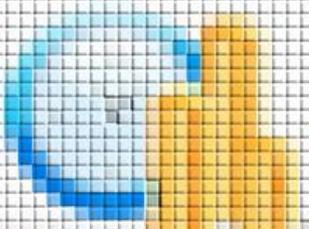
Stages of Company Maturity

- Structure:
 - Tracking of all direct costs, including time and expenses.
 - Variation in costs occur based upon the pay of the workers.
- System:
 - Tracking all indirect costs and allocating them across projects.
 - Project life cycle is well documented, understood and rarely deviated from.
- Order:
 - You have a clear process for project life cycle deviations.
 - You can make accurate profitability, scheduling and resource estimates on proposed projects based on historical data analysis.



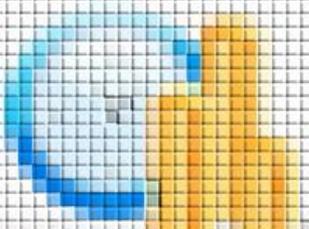
Benefits of Time Tracking

- Better Time / Task Management
- Stay on Task
- Clear Reporting to Management
- Accurate Accounting and Pay to Employees
- Increase Productivity
- Delivery of Product at Accurate Time



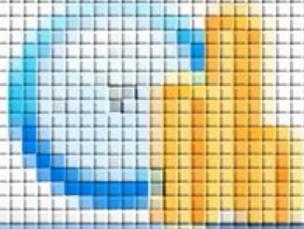
Benefits of Time Tracking

- Manage expectations by being able to tell the team and internal business partners how long tasks will realistically take
- Accurately schedule work / tasks
- Forecast staff requirements
- Develop metrics to demonstrate resource needs, productivity and responsiveness



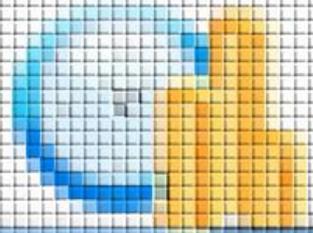
Best Practices for Time Tracking

- All employees should enter time at least daily.
 - Enter before leaving for the day
 - Make it a policy and evaluate in performance review
 - May be easier than tracking all throughout the day
 - Include all time
 - Keep it simple
 - Be consistent with application of policies and rules
 - Tasks should reflect what people are actually doing
 - Ensure management as well as employees understands the importance of accurate time tracking



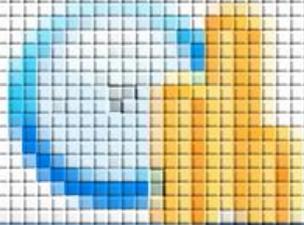
Best Practices of Time Tracking

- Think about the time categories you want to track
 - Time spent on activities/tasks
 - How detailed do you want this to be – by actual task, or by a phase or by the project or type of activity)
 - How will time be captured / calculated
 - Non-productive time
 - Time such as breaks, unpaid lunch
 - Vacation, Sick, any time for which there is a bank
 - FMLA Leave time



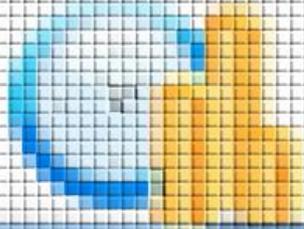
Best Practices of Time Tracking

- Keep time tracking as simple as you can
 - Tracking time should be as simple as you can make it.
 - If your company wants time recorded in 15 minute increments, then employees should understand that up front.
 - A good idea is to make time tracking mandatory daily and part of the employee's annual review process.
 - Automate as much as you can, but don't automate so much that it complicates/restricts the process.



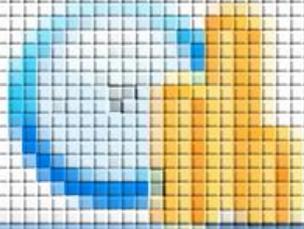
Best Practices of Time Tracking

- Make the structure and categories clear for everybody
 - Time tracking should be similar for all employees.
 - Even though you may have ‘project’ employees and ‘non-project’ employees, the structure should be as consistent as possible
 - Project employees may have to report their time to specific facets of the project. (Example: Task/Subtask)
 - Non-project employees may have a different set of tasks to use for reporting time. (Example: Accounting)



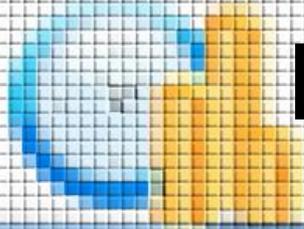
Best Practices of Time Tracking

- Ensure everyone understands the value of tracking time accurately
 - People do not find value in tracking time.
 - They need to be made aware that it affects the accuracy of their pay.
 - They need to know that it allows for resource planning.
 - They need to know it is used to plan for scheduling.
 - They need to know it is used for consistent practices for all employees.



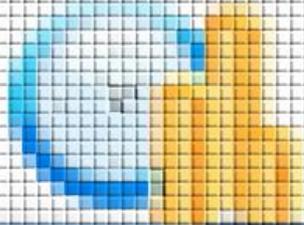
Best Practices of Time Tracking

- Make the data useful for employees
 - Used time data to provide valuable information to employees.
 - Share with employees how management uses time data to know how time was spent over the last week, month, quarter or year.
 - Use time data in performance reviews.
 - Use time data as a way to let employees know that their work is valuable to the company and is appreciated.



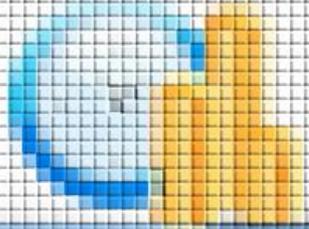
Best Practices of Time Tracking

- Put someone in charge of the whole process
 - A key success factor is to put someone in charge of the time tracking process.
 - This person or team should understand the time tracking system and the company policies as well as payroll compliance, finance and how the system is programmed.
 - There should be close interaction with payroll, IT and finance groups within the company.
 - Depending on the size of the company, that may be a manager with a team of time coordinators or it may be an administrative person who ensures everyone follows the process.



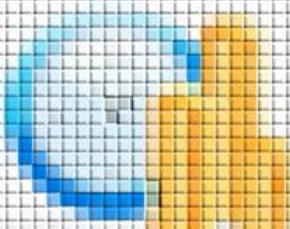
Best Practices of Time Tracking

- Don't be afraid to empower employees
 - A key success factor is to allow employees to feel they are part of the process.
 - Allowing self service allows the employee the flexibility to enter their own time while also giving them the responsibility of ensuring they enter their time correctly to get paid accurately.
 - Employees entering their own time helps them to understand the importance of the time tracking process.
 - Employees will better understand how time data is used and how policy works and is applied.



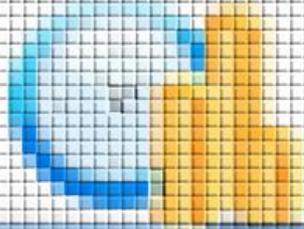
Best Practices of Time Tracking

- Many larger companies use timekeepers to assist with time tracking.
 - Those chosen for this position should have a good understanding of company policies and rules as well as how the time tracking tool works.
 - They should assist employees with questions, but should not be both entering and approving time for employees.
 - They should work closely with managers to ensure time is entered properly.
 - They should ensure time entered adheres to company policies.
 - They should ensure corrections and approvals are done in a timely manner.



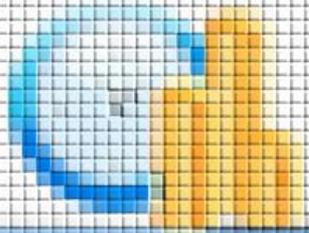
Best Practices of Time Tracking

- Managers should be held accountable for approving the time entered by their employees.
 - If employees are entering daily, managers should be able to quickly review on a daily basis and follow up with employees regarding any discrepancies.
 - Managers should know what their employees are working on so they should not delegate this responsibility to another person (such as a timekeeper).
 - They should verify that all time and absences have been entered properly.
 - They should also be responsible for ensuring employees are charging their work to the correct tasks.



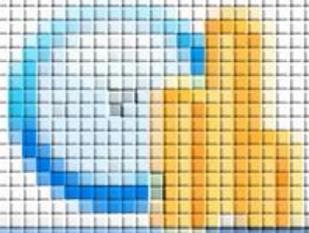
Best Practices of Time Tracking

- Deadlines should be established, published and followed.
 - This is important to not delay downstream impacts such as payroll processing.
 - Special consideration should be recognized and communication should be sent around special processing due to holiday schedules.
 - Consideration should also be given around any system planned maintenance that may affect the end users.



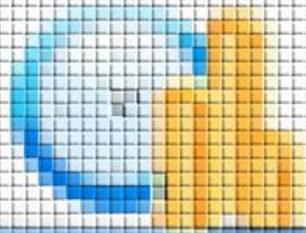
Compliance

- Per US Department of Labor Wage and Hour Division, Fact Sheet # 21:
 - “Employers may use any timekeeping method they choose. For example, they may use a time clock, have a timekeeper keep track of employee’s work hours, or tell their other workers to write their own times on the records. Any timekeeping plan is acceptable as long as it is complete and accurate.”



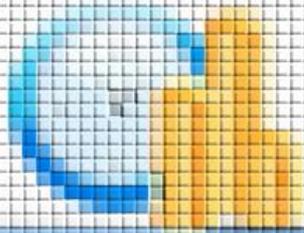
Compliance

- Per US Department of Labor Wage and Hour Division, Fact Sheet # 21:
 - Required records related to time tracking include:
 - Time and day of week when employee's workweek begins
 - Hours worked each day
 - Total hours worked each workweek
 - These hours are used in the FLSA calculation of overtime
 - All hours over 40 in a week should be paid at the time and one-half rate for non-exempt employees



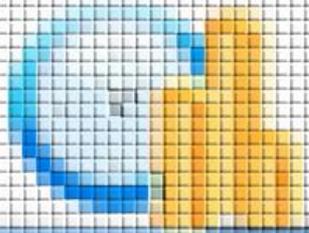
Time Tracking Controls

- Ensure you have good controls in place
 - Don't allow an employee to complete time for another employee
 - The person that completes the time should not be the person that approves the time
 - Approval process should be well defined and completed by someone who is familiar not only with the actual work that was done but also with the employee
 - Put rules in place to limit entry of unusual amounts
 - Put reports in place to check for unexpected entries



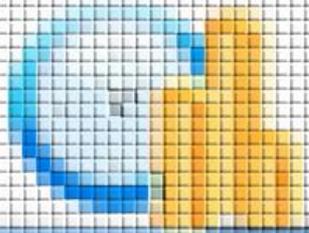
Record Retention

- Records on which wage computations are based should be retained for two years, (i.e., time cards and piece work tickets, wage rate tables, work and time schedules, and records of additions to or deductions from wages).
- Each employer shall keep other payroll records, collective bargaining agreements, sales and purchase records for at least three years.
- The records may be kept at the place of employment or in a central records office.



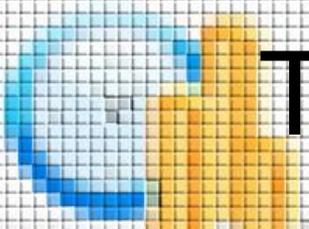
Time Auditing

- If you have good controls in place, an audit should not provide any shocking results.
 - Federal and state laws both govern timekeeping practices.
 - Sometimes there are other agencies that govern a companies timekeeping activities.
 - Companies internal audit team may assist with putting controls in place related to SOX or other company related rules and regulations.
 - External auditors may give advice to strengthen a companies controls for audit purposes.



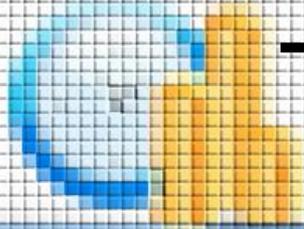
Time Auditing

- Time audits are done for a variety of reasons:
 - A manager or department head feels that there may be employees that are manipulating the system
 - Management wants to know how well a department is performing
 - Management is planning a new project and needs to know how many hours it takes to complete certain tasks for resource planning
 - Management is looking for efficiencies within the business
 - Request for audit from either an internal or external source



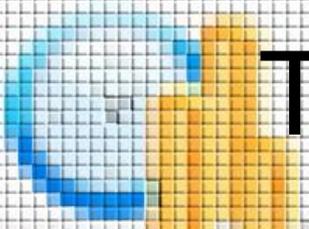
Time Practices Audit Checklist

- Do employees record work hours on time sheets?
- What method of time tracking is used?
 - Time clock or other electronic system
 - Online application
 - Paper time sheets
 - Multiple methods / systems
- Do employees record time in elapsed or in/out format?



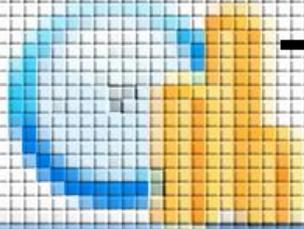
Time Practices Audit Checklist

- Do employees record time from the start of the work day to the end of the work day, with the exception for bona fide meal periods?
- How are time records kept?
 - Daily
 - Weekly
- Are employees given and paid rest periods and meal periods as required by federal and state laws?
- Are these rest and meal periods recorded on the time records?



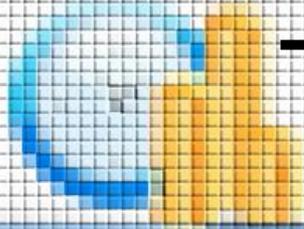
Time Practices Audit Checklist

- Are employees requested to be on call? If so, how are the hours recorded?
- Is non-productive time (holiday, vacation, etc.) recorded on the time records?
- Is FMLA leave time recorded on time sheets?
- Are employees paid for travel time that occurs during the work day?
- Are employees required to attend or participate in training and meetings? If so, are they compensated for attending?
- Are employees paid for orientation periods at the commencement of employment?



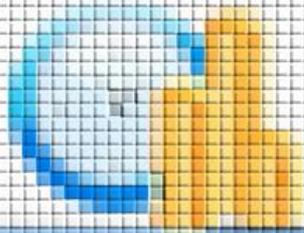
Time Practices Audit Checklist

- What is the approval process for time records?
- How are corrections made?
- How are corrections recorded?
- How are corrections approved?
- If time records are altered or changed by managers, do they sign off on the changes?
 - In the event of an audit, the employer has the burden to explain why the employee's time was altered or changed.



Time Practices Audit Checklist

- How long are time records maintained?
- Where are records stored?
- Are they secure and protected from damage?
- Who has access to time records that are stored?



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