

PURPOSE:

The purpose of this Payroll Policy is to establish clear and consistent guidelines for:

- The timing and method of employee wage payments;
- Timekeeping requirements;
- Overtime and compensatory time;
- Mandatory and voluntary payroll deductions;
- Payroll corrections and final pay upon separation.

DEFINITIONS:

List unique terms that add to the reader's understanding of the basic policy.

1. **Workweek** – the standard work week consists of seven (7) consecutive days on 24-hour periods.

SPECIFICS:

1. This policy is designed to ensure compliance with applicable federal, state, and local laws and to provide transparency and fairness to employees.

PROCEDURE:

Pay Periods, Workweek and Paydays

- a. Pay Periods
 - Employees are paid on a biweekly (14 day) schedule.
- b. Workweek
 - The standard work week consists of 7 consecutive days on 24-hour periods.
 - The workweek is Monday through Sunday.
- c. Paydays and Holidays
 - Employees receive pay every other Friday for all work performed through the end of the previous payroll period
 - When a regularly scheduled payday falls on a holiday or other non-working day, pay will be issued on the last working day immediately preceding that date, unless otherwise communicated.

Method of Payment and Direct Deposit

- a. Standard Method
 - The preferred method of payment is direct deposit into a financial institution designated by the employee.
- b. Paper Checks
 - Employees who are not enrolled in direct deposit may receive a paper paycheck, which will be:
 - Forwarded to the employee's manager for distribution
 - The organization may require proper identification before releasing any check.
- c. Final Paycheck Format
 - Upon separation, the final paycheck may be issued as an electronic or paper check, particularly when linked to the return of organizational property, consistent with certain source policies.

Timekeeping

- a. Accurate Recording of Time
 - All non-exempt (hourly) employees must accurately record all hours worked, as well as approved leave time, in the designated timekeeping system.
- b. Submission Deadlines
 - Time records must be submitted and approved by the employee's supervisor by established payroll cut off, such as:
 - No later than the morning following the end of the pay period; or
 - Another deadline is set by the Finance/Payroll office.
- c. Employee and Supervisor Responsibilities
 - Employees must certify that their recorded time is correct.
 - Supervisors are responsible for monitoring, reviewing, correcting and approving time records and ensuring that only hours actually worked are reported.
 - Falsification of time records - whether one's own or another employee's - is strictly prohibited and may result in disciplinary action, up to and including termination.

Classification of Employees (Exempt/Non-Exempt)

- a. Non-Exempt Employees
 - Non-exempt employees are covered by the Fair Labor Standards Act (FLSA) and are eligible for overtime pay for hours worked in excess of 40 in a workweek, or other approved threshold (e.g., special law enforcement or public safety where applicable).
- b. Exempt Employees
 - Exempt employees are paid on a salary basis and are generally not eligible for overtime pay, except in limited, specifically authorized circumstances (e.g., declared emergencies where policy allows overtime for exempt employees). Hours for exempt employees must be recorded in the timekeeping system prior to payroll processing. (FOR PAYROLL PROCESSING PURPOSES). Deductions from exempt employees' salaries may only be made in situations permitted by the FLSA and applicable state law (e.g., full-day absences for personal reasons beyond available paid leave, unpaid FMLA, certain disciplinary suspensions).

Overtime and Compensatory Time

- a. Overtime Eligibility and Rate
 - Non-exempt employees will be paid one and one half (1.5) times their regular hourly rate for all hours worked over 40 hours in a workweek, unless a different standard has been formally adopted for certain public safety roles.
- b. Counting Hours for Overtime
 - Only hours actually worked count toward overtime. Paid leave such as holidays, sick pay, vacation or PTO are not treated as hours worked for calculating overtime.
- c. Authorization
 - Overtime must be approved in advance by the supervisor or department head, except in emergency situations.
 - Non-exempt employees must report all hours worked, even if overtime was not pre-approved; however, working unauthorized overtime may lead to corrective or disciplinary action.

Payroll Deductions

- a. Mandatory Deductions

The organization will withhold from employees' pay all deductions required by law, which typically include:

 - Social Security (FICA) and Medicare
 - Court ordered wage garnishments (e.g., child support, tax levies)

b. Voluntary Deductions

With the employee's written authorization, voluntary deductions may be made for:

- Health, dental, vision, and life insurance premiums
- Retirement plan contributions (e.g., 401A, 457, pension)
- Optional benefits such as AFLAC or similar supplemental coverages
- Charitable contributions (e.g., United Way)

c. Pay Setoffs / Internal Obligations

- Where permitted by law, the organization may make pay setoffs to recover overpayments or amounts owed to the organization, consistent with due process and written notice

Payroll Corrections and Error Resolution

a. Reporting Errors

- Employees are expected to review their pay statements promptly and report any suspected underpayment or overpayment to Supervisor/Manager within 5 business days after receiving their paycheck.

b. Corrections

- Confirmed underpayments will be corrected by the next regular payroll.
- Confirmed overpayments may be recovered through deductions in the next pay period, in compliance with applicable laws and internal procedures.

Final Pay on Separation

a. Timing

- Employees who separate from employment (resignation, retirement, layoff, or termination) will receive their final pay in accordance with applicable state law and this policy, typically on the next regularly scheduled payday following separation.

b. Accrued Leave Payout

- Payment of accrued but unused vacation/PTO will be handled in accordance with the organization's leave policies (e.g., caps on payout, minimum notice requirements, or exclusion of certain situations such as resignations without proper notice)

c. Return of Property and Obligations

- Final pay may be contingent on returning all organizational property (keys,

uniforms, equipment, records) and resolving any outstanding financial obligations to the organization, as reflected in several source policies.

Payroll Records and Confidentiality

- a. Confidential Payroll and Personnel Records
 - Payroll and related personnel records are confidential and will be maintained in secure files or systems, accessible only to authorized personnel with a legitimate business need.
- b. Record Retention
 - Payroll records, including time records, pay registers, tax forms (e.g., W-2, W- 4, 941), and leave records, will be retained in accordance with the organization's records management policy and applicable legal requirements.

Compliance and Review

This policy is intended to comply with the Fair Labor Standards Act (FLSA) and applicable state and local laws. If any provision conflicts with current law, the law will govern and the policy will be updated accordingly.

The Finance/Payroll and HR functions will periodically review this policy against practice and law and recommend revisions to organizational leadership as needed.

Employee Acknowledgment

All employees are required to acknowledge receipt and understanding of this Payroll Policy. New employees will be provided with this policy during onboarding and may be asked to sign an acknowledgement form for their personnel file.

REFERENCES:

Department of Labor Fair Labor Standards Act

APPLIES TO:

This policy applies to all employees of the Agency - Chatham Area Transit - including full-time, part-time, temporary, seasonal, and probationary staff, unless otherwise specified in an individual contract, grant requirement, or collective bargaining agreement.

ATTACHMENTS:

- A. Board Action Report Approval

BOARD MEETING DATE: May 26, 2026

PROJECT NAME: Chatham Area Transit Authority’s Payroll Policy

DEPARTMENT: Finance/Human Resources

EXECUTIVE SUMMARY & RECOMMENDATION:

Staff request Board approval to adopt the Chatham Area Transit Authority’s Payroll Policy. The policy establishes clear, consistent guidelines for timekeeping and employee wage payment requirements.

DATE AND IDENTIFICATION OF PRIOR BRIEFING OR AUTHORIZING ACTION:

N/A

ISSUE:

At the direction of the prior Board, staff developed a formal Payroll Policy and now present it for Board consideration and approval.

The Agency currently uses multiple methods to collect payroll data. Some departments track employees’ time through Microsoft Excel spreadsheets, others enter time through Employee Self Service software that integrates with the payroll system, and others use time clocks that upload data directly into the payroll system.

These varied collection methods, particularly the use of manual spreadsheets, increase the risk of payroll processing inaccuracies.

DISCUSSION:

The Payroll Policy will strengthen payroll administration by promoting consistency in employee pay and benefits, supporting compliance with applicable labor laws and federal regulations, increasing transparency between employees and management, and reducing errors through clear payroll procedures.

Tyler Technologies-Munis is CAT’s current enterprise resource planning system. The Agency currently uses Accounting, Procurement, Human Resources, and the Employee Self-Service modules. The Payroll module processes employees’ biweekly pay. The Time and Attendance solution is part of the Tyler Technologies ecosystem. A Tyler time clock biometric reader stores a mathematical fingerprint template rather than the actual fingerprint image.

To further enhance the functionality and accuracy of the existing system, the Agency purchased a Time and Attendance Module and a Budget Module under a purchase order issued on June 30, 2022. The software for both modules, along with the time clock hardware, was installed, configured, and customized for the Agency, and integrated to support streamlined operations and accurate, reliable data.

Following implementation, the vendor conducted training sessions for management staff. Managers then provided training to staff. The training process concluded in mid-May 2024.

At that time, the Agency was prepared to move forward with the new software and time clocks for payroll processing; however, employees expressed concerns about the touchscreen biometric reader and the potential exposure of personal data.

In response, the Project Manager consulted with the vendor and obtained written documentation confirming

that the system does not store an employee's fingerprint image. Instead, it generates an identification template associated with the employee's record.

A review of the Timeclock touchscreen biometric reader information was conducted by CAT's Legal, Union leadership, and Union Legal representation to ensure that employees' rights were protected and that the Agency remained in compliance with all applicable requirements.

Based on these factors, the staff recommends that the Board approve the Payroll Policy.

PROCUREMENT | COMPLIANCE:

Chatham Area Transit is committed to complying with all provisions of the Fair Labor Standards Act (FLSA). All non-exempt employees are required to accurately record all hours worked using our approved timekeeping system.

You must clock in and out for every shift, meal period, and personal absence. Working "off the clock" is strictly prohibited and violates Authority policy. If an employee performs any work-related duties, including checking emails or preparing equipment, the employee must be on the clock. Unauthorized overtime is also prohibited. Under the Fair Labor Standards Act (FLSA), employers must pay non-exempt employees for all hours worked. This includes unauthorized overtime. Even if an employee violates company policy by working unapproved extra hours, the employer must still compensate them for that time if the manager knew or should have known the work was occurring. All hours worked, even if unauthorized, must be accurately logged and will be fully compensated. Employees must review and certify their time records each pay period. Falsifying time records or failing to report all hours worked is subject to disciplinary action.

Under the Fair Labor Standards Act (FLSA), employers must accurately track and compensate all hours worked by non-exempt employees.

FINANCIAL IMPACT:

N/A

Project Scope Number	FTA/ Grant Number	CAT Budget Line Item	Budget Line-Item Description	Federal Funding Request	State Funding Request Amount	Local Funding Amount	Total Funding Amount
				\$ 0.00	\$0.00	\$0.00	\$0.00
TOTAL SECTION FUNDS:				\$0.00	\$0.00	\$0.00	\$0.00

POLICY ANALYSIS:

The adoption of the Payroll Policy will establish clear guidelines for employee compensation, ensure compliance with applicable labor laws, promote transparency and equity in compensation practices, and support effective budgeting and financial planning through consistent payroll administration.

NEXT STEPS:

With the Board of Director's approval proceed with implementing policy.

ATTACHMENTS:

Payroll Policy (1)

COMMITTEE ASSIGNMENT:

N/A

PROPOSED MOTION: (to be read into the minutes)

Move to: Request Board of Directors to approve Payroll Policy.

REQUIRED SIGNATURES

Department Item Preparer – Prepared by: Gloria Royal, Interim CFO

Department Chief – Reviewed by: - Gloria Royal, Interim CFO

Procurement | Compliance – Procurement and Compliance Reviewed by: Victor Colon, Procurement Manager

Chief Financial Officer –Gloria Royal, Interim CFO

Executive Director/CEO - Final Reviewer Stephanie Cutter, Executive Director/CEO

Board of Directors – Final Approval [insert board action]

This section is completed by the Board Administrator

Passed and approved this 26th day of May 2026

Motioned by: Director Michael Owens

Seconded by: Director Mary Snowden

AGENCY BOARD DESIGNEE:

Beverly Dumas

Board Approval (signed by Board Chair or Board Administrator)