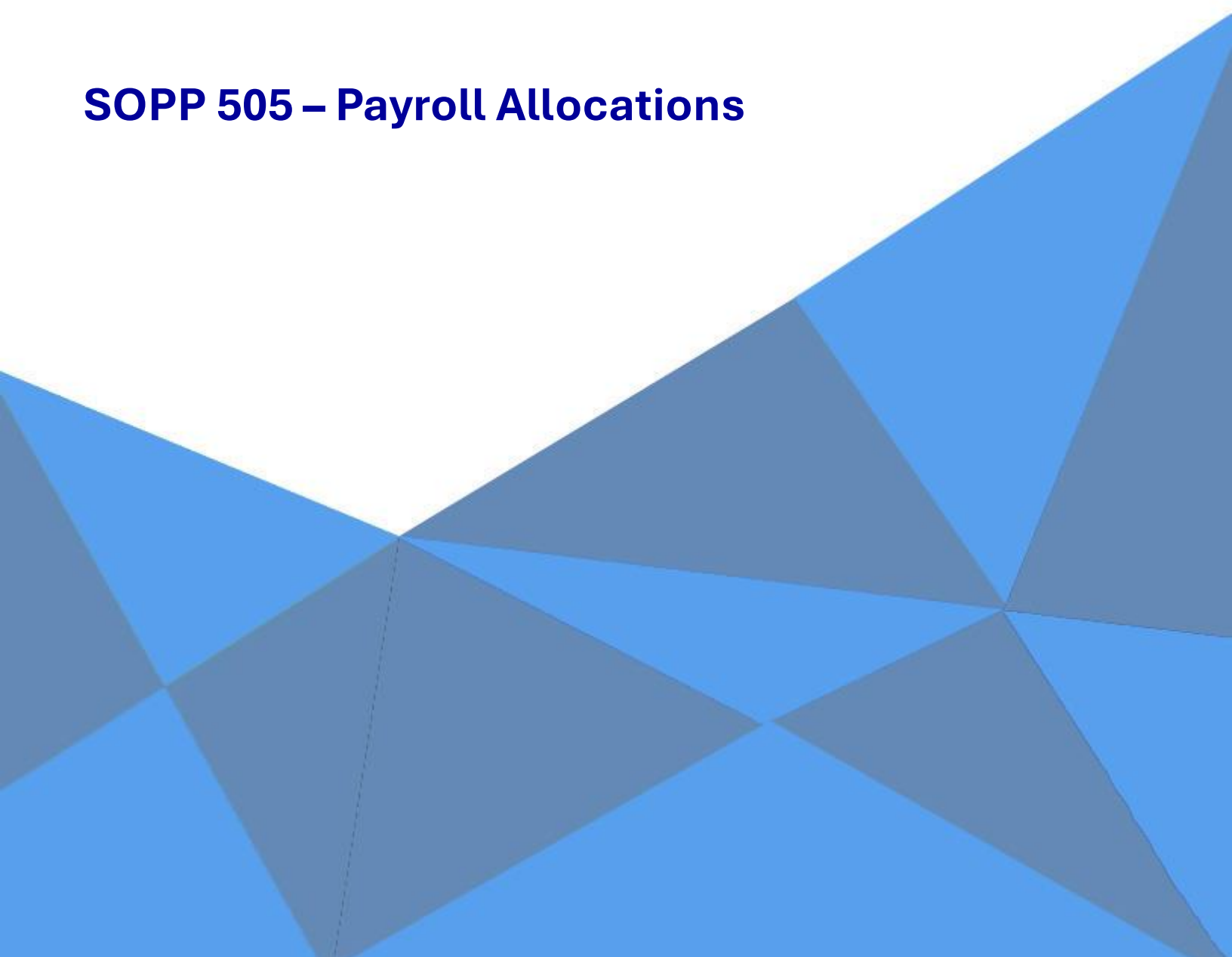


VI Department of Finance

Payroll Policies and Procedures

October 1, 2025

SOPP 505 – Payroll Allocations

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SOPP SECTION ORDER

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SOPP NO. / Title:
SOPP 505 – Payroll Allocations
Effective Date:
Effective 10/01/2025
Approved Date:
Approved 10/23/2025
Approved By:
Commissioner of Finance

Section 1. PURPOSE:

To ensure all payroll costs for employees working on grant-funded projects are consistently allocated in accordance with sponsor agreements, applicable federal regulations (such as 2 CFR § 200.430), and organizational policies. This SOPP is designed to maintain compliance, ensure accurate financial reporting, and support the organization's system of internal controls.

This SOPP shall be reviewed and revised, if necessary, at a minimum of every two years from its effective date to ensure its continued relevance and accuracy.

Section 2. SCOPE:

This procedure applies to all employees (including full-time, part-time, and temporary staff, as well as students and faculty) whose salaries and wages are fully or partially funded by a federal or non-federal grant or sponsored project. This procedure applies to all GVI departments and agencies.

Section 3. ROLES AND RESPONSIBILITIES:

Departments and Agencies:

- When an employee is hired on a grant, Departments and Agencies must build out allocation tables in the ERP according to the Grant Awards with split allocation.
- Tables must be built pursuant to percentages and allocations for the nine-recurring payroll pay types [Regular, Holiday, Annual, Sick, Jury, Bereavement, Military, Administrative, Donated Leave] and include the corresponding object codes.

Department of Finance:

- **MIS Division Helpdesk** or designee will assist **(D&A)** designated personnel with access to Payroll Allocations via the Munis Menu.
- **DOF Payroll Supervisor** or Analyst will assist agencies with issues setting up allocation tables when required. [See Appendix A].

Division of Personnel:

- The DOP help desk must assist agencies with *adding allocations to the Job Salary Record and tables in the ERP, when necessary, in compliance with Grant Awards.*



Section 4. DEFINITIONS / ABBREVIATIONS:

SOPP Acronyms	
D&A - Department and Agency	DOF - Department of Finance

SOPP Definitions	
Costing allocation	The distribution of an employee's salary and associated payroll costs across one or more funding sources, including grants.
Effort	The amount of time an employee spends on a specific grant or activity expressed as a percentage of their total compensated time.
Time and effort reporting	The process of documenting the actual time and effort employees spend on grant activities. This is the primary source of verification for payroll allocation.
Salary cap	A salary limit is imposed by some granting agencies (e.g., HHS), which restricts the amount of an employee's salary that can be charged to a grant.

Section 5. REGULATIONS / REFERENCES:

In addition to local territory regulations, all departments and agencies receiving federal grants and utilizing federal grant funds for program expenditures must incorporate fiscal controls and accounting procedures in accordance with the Code of Federal regulations Title 2 Part 200. For those D & A's utilizing federal grant funds, the following regulations are applicable.

- **2 CFR § 200.430 Compensation** – personnel services. **(a) General.** Compensation for personnel services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. *See the appendix for more details.*
- **§ 200.431 Compensation** – fringe benefits. **(a) General.** Fringe benefits are allowances and services employers provide to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave, employee insurance, pensions, and unemployment benefits. Except as provided elsewhere in these principles, the costs of fringe benefits are allowable provided that the benefits are reasonable and are required by law, an organization-employee agreement, or an established policy of the recipient or subrecipient.

Section 6. POLICY:

Responsibility of the Departments and Agencies:

1. Payroll allocations will be conducted in a manner that is equitable and consistent across all grant-funded projects and employees.
2. Payroll allocations will be based on precise and current information regarding employee roles, responsibilities, and hours worked, pursuant to applicable percentages and funding sources.
3. Payroll allocations will adhere to all relevant laws, 2 CFR Federal Regulations, grant agreements, and organizational policies.



4. All payroll allocations will comply with the terms and conditions specified in grant agreements.
5. Payroll allocations will be reviewed periodically to ensure accuracy and compliance with grant requirements.
6. Adjustments to allocations may be made based on changes in employee roles, hours worked, or other relevant factors.

Section 7. PROCEDURES:

A. Payroll Procedures for Federally Funded Employees

1. Time and Effort Documentation Requirement

All employees whose salaries are funded fully or partially by federal grants must maintain time and effort records to justify the time spent on grant-related activities. These records are essential for charging costs to federal grants.

2. Collection and Reporting

Departments and Agencies collect time and effort data through Personal Activity Reports (PARs) or Time Certifications, submitted monthly or semi-annually depending on the employee's cost objective status.

3. Manager Responsibilities

Managers must enforce time and effort policies across all levels (state, district, school), ensuring documentation supports hours worked, leave taken, and changes to time records. Grant allocations must align with the Notice of Personnel Action (NOPA).

4. Cost Objectives Explained

Employees are categorized as working on:

- Single Cost Objective: One grant activity.
- Multiple Cost Objectives: More than one grant or activity requiring separate tracking.

A cost objective refers to a specific grant or activity requiring expenditure tracking (e.g., earmarks or set asides like the 15% cap under the Carl D. Perkins Act).

5. Single Cost Objective Employees

Employees must submit semi-annual certifications (Oct–Mar, Apr–Sep) confirming 100% of their time was spent on one cost objective. Both the employee and a knowledgeable manager must sign.

6. Multiple Cost Objective Employees

- Salaries must reflect the proportion of time spent on each activity.
- Must complete bi-weekly PARs.
- Created after-the-fact.
- Cover total compensated activity.
- Coincide with pay periods.
- Signed by the employee.



PARs must be submitted to the Federal Grants Office and accurately reflect time distribution.

7. Employee Identification

Grant managers must determine whether each federally funded employee works on single or multiple cost objectives, especially when roles or funding allocations change. Updates must be reflected in PARs.

8. PAR Completion Oversight

- Grant managers ensure PARs are completed on the first day of each pay period for the previous period.
- Incomplete PARs (missing data or not accounting for 100% of time) must be corrected.
- If an employee is unavailable, the manager must complete the PAR, note the absence, and initial the form.

B. Payroll Procedures for all Employees

1. Human Resources will maintain employee records ensuring compliance with payroll policies.
2. Supervisors will be responsible for reviewing and approving employee time and attendance.
3. Project Managers will manage payroll budgets for grant-funded projects and ensure compliance with grant requirements.
4. Employees must accurately record their hours worked on grant-funded projects using the organization's time tracking system.
5. Supervisors will regularly review and approve time records to ensure accuracy.
6. Payroll will be calculated based on the employee's classification and hours worked.
7. Payroll expenses will be allocated to the appropriate grant-funded projects based on the employee's role and the work performed.
8. Project Managers will ensure payroll expenses remain within allocated limits and implement grant requirements accordingly.
9. The Department of Finance, Payroll Division will advise Fiscal/Payroll/Grant Managers of record discrepancies when alerted by the system.

Section 8. COMPLIANCE AND ACCOUNTABILITY:

1. Fiscal Officers and Human Resources Managers at each department or agency will ensure compliance with payroll procedures will be monitored through detailed recordkeeping, regular time and effort certifications, and quarterly internal reviews.
2. Grant managers are responsible for maintaining both original and electronic copies of all required documentation to ensure certifications are completed accurately and on time.
3. Departments and agencies must monitor and enforce compliance with federal regulations and grantors' requirements including any specific conditions, if applicable, such as to



maintain standard operating procedures (SOPP) for payroll functions involving salaries paid with federal grant funds. The SOPP must establish and maintain an effective and accurate process for tracking and reporting time and effort spent by all employees whose salaries are paid under such grants. Procedures must include but not be limited to the following: maintaining accurate and up-to-date employee staffing lists and notices of personnel actions; distributing time among different funding sources for split-time employees; and properly allocating salary costs among grants, based on records that accurately and properly record the distribution of each employee's work on multiple cost objectives, the time the employee attends work, and, for those employees who work on a single cost objective, semiannual certifications.

4. Failure to properly document or certify personnel expenses related to federal funds may result in the repayment of disallowed costs. Additionally, falsification of records may lead to criminal charges under the Federal False Claims Act.
5. Where Fiscal Officers, Payroll Managers and Grant Managers need further assistance or clarification of procedures, the DOF's Director of Payroll and/or liaison will provide accordingly.
6. Failure to comply could result in employees not being paid, until their records are updated.

Appendix A. Payroll Allocation Table

Close
Search
Browse
Add
Update
Delete
Output
Print
Display
PDF
Save
Excel
Email

Payroll Allocations [Gov't of the U.S. Virgin Islands]

Allocation Number *
42739

Description *
DOE KEMO SMITH (50/30/20)

☐ Apply Pay Type Overrides

Org	Object	Proj	Account Desc	Percent
00413001	511010		UNCLASSIFIED EMPLOYEE SALARIES	20.000000
31107161	511010	FP017	UNCLASSIFIED EMPLOYEE SALARIES	50.000000
31109291	511010	FP245	UNCLASSIFIED EMPLOYEE SALARIES	30.000000

Total Percent

Total
100.000000



Appendix B. Personnel Activity Report

Virgin Islands Department of Education Personnel Activity Report

Name: _____ Employee Number: _____ Split: _____
Division: _____ Pay Period Ending: _____

Hours Worked by Program						
DAY	LEAVE CODE	HOURS WORKED	TOTAL FEDERAL	PROGRAM	HOURS WORKED	DAILY TOTAL
Sunday						
Monday	RT	0	0.0	Tide V SEA Administration	0	
			0.0	General Administration	0	0.0
Tuesday	RT	0	0.0	Tide V SEA Administration	0	
			0.0	General Administration	0	0.0
Wednesday	RT	0	0.0	Tide V SEA Administration	0	
			0.0	General Administration	0	0.0
Thursday	RT	0	0.0	Tide V SEA Administration	0	
			0.0	General Administration	0	0.0
Friday	RT	0	0.0	Tide V SEA Administration	0	
			0.0	General Administration	0	0.0
Saturday			0.0			
Week 1 Total			0.00		0.00	0.00
DAY	LEAVE CODE	HOURS WORKED	TOTAL FEDERAL	PROGRAM	HOURS WORKED	DAILY TOTAL
Sunday						
Monday	RT	0	0.0	Tide V SEA Administration	0	
			0.0	General Administration	0	0.0
Tuesday	RT	0	0.0	Tide V SEA Administration	0	
			0.0	General Administration	0	0.0
Wednesday	RT	0	0.0	Tide V SEA Administration	0	
			0.0	General Administration	0	0.0
Thursday	RT	0	0.0	Tide V SEA Administration	0	
			0.0	General Administration	0	0.0
Friday	RT	0	0.0	Tide V SEA Administration	0	
			0.0	General Administration	0	0.0
Saturday			0.0			
Week 2 Total			0.00		0.00	0.00
Total - Pay Period			0.00		0.00	0.00

By signing this time sheet, I verify that the above reported hours worked and leave used are accurate for this pay period.

Employee's Signature: _____ Date: _____
Supervisor's Signature: _____ Date: _____



Appendix C: 2CFR Regulations

The Code of Federal regulations Part 200 provides guidance for compensation for federal grant funded employees. To read the full guidance please access the eCFR online at <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200>.

§ 200.430 Compensation—personal services.

- (a) *General.* Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits addressed in [§ 200.431](#). Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part and that the total compensation for individual employees:
 - (1) Is reasonable for the services rendered and conforms to the established written policy of the recipient or subrecipient consistently applied to both Federal and non-Federal activities;
 - (2) Follows an appointment made in accordance with the recipient's or subrecipient's laws, rules, or written policies and meets the requirements of Federal statute, where applicable; and
 - (3) Is determined and supported as provided in [paragraph \(g\)](#) of this section, when applicable.
- (b) *Reasonableness.* Compensation for employees engaged in work on Federal awards will be reasonable to the extent that it is consistent with that paid for similar work in other activities of the recipient or subrecipient. In cases where the kinds of employees required for Federal awards are not found in the other activities of the recipient or subrecipient, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the recipient or subrecipient competes for the kind of employees involved.
- (c) *Professional activities outside the recipient or subrecipient.* Unless the Federal agency expressly authorizes an arrangement, a recipient or subrecipient must follow its written policies and procedures concerning the permissible extent of professional services that can be provided outside the recipient or subrecipient for non-organizational compensation. Where the recipient or subrecipient does not have written policies or procedures, or they do not adequately define the permissible extent of consulting or other non-organizational activities undertaken for extra outside pay, the Federal Government may require the recipient or subrecipient to allocate the effort of professional staff working on Federal awards between:
 - (1) Recipient or subrecipient activities, and
 - (2) Non-organizational professional activities. Appropriate arrangements governing compensation must be negotiated on a case-by-case basis if the Federal agency considers the extent of non-organizational professional effort excessive or inconsistent with the conflicts-of-interest terms and conditions of the Federal award.
- (d) *Unallowable costs.*
 - (1) Costs unallowable under other sections of these principles must not be allowable under this section solely because they constitute personnel compensation.



- (e) *Special considerations.* Special considerations in determining the allowability of compensation will be given to any change in a recipient's or subrecipient's compensation policy resulting in a substantial increase in its employees' level of compensation (particularly when the change was concurrent with an increase in the ratio of Federal awards to other activities) or any change in the treatment of allowability of specific types of compensation due to changes in Federal policy.
- (f) *Incentive compensation.* Incentive compensation to employees based on cost reduction, efficient performance, suggestion awards, or safety awards is allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued according to an agreement entered into in good faith between the recipient or subrecipient and the employees before the services were rendered, or according to an established plan followed by the recipient or subrecipient so consistently as to imply, in effect, an agreement to make such payment.

§ 200.431 Compensation—fringe benefits

(a) **General.** Fringe benefits are allowances and services employers provide to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave, employee insurance, pensions, and unemployment benefits. Except as provided elsewhere in these principles, the costs of fringe benefits are allowable provided that the benefits are reasonable and are required by law, an organization-employee agreement, or an established policy of the recipient or subrecipient.

**Section 10. REVISION HISTORY:**

Revision #	Date Requested	Author (Name/Title)	Description of Changes	Approved By (Name & Title)	Signature	Date Approved
0	10/23/2025	Grace Fahie-Lindo	Full review and updates	Kevin McCurdy, Finance Commissioner	KM <i>Kevin McCurdy</i>	10/30/2025