Policy

Department of Finance

Effective Date: August 13, 2010
Previous Date: May 1, 2002

Re: Payroll

Policy

The Finance Department is responsible for the development and administration of an effective and comprehensive payroll system that effectively relates to the Human Resources system. The Finance Department shall comply with all rules and regulations pertaining to and resulting from payroll operations.

Background

Payroll shall prepare, process, and distribute all University payrolls. The system shall provide for timely and accurate payments to all employees. The system shall make all appropriate deductions.

Payroll shall maintain all records and reports, including time records. Payroll shall be responsible for tax reports, including, but not limited to, withholding tax reports, quarterly wage reports, annual wage reports, and other wage or tax reports.

There shall be appropriate controls for the safeguarding of University funds. The Chief Financial Officer is authorized to establish the procedures and regulations necessary to carry out the responsibilities of payroll.
Re: Personnel Action Form

Standard

The Personnel Action Form (PAF) with proper authorization is the basis for all changes to employee status.

Background

The payroll process does not “begin” in Human Resources (HR). It is initiated by each department. The PAF is the basis for establishing an employee in the Human Resource database and for issuing a check through the payroll system.

All PAFs go through a signature approval process before they reach HR. Supervisors and Department Heads should allow time for the approval process.

Procedure

1. Personnel Action Forms are used for recruitment, hiring, compensation changes, position changes, leave status, termination, and other changes.
2. All employees are paid on or about the 10th and 25th of the month. When these dates fall on a weekend or holiday, the pay date is the preceding business day.
3. Personnel Action Forms must be in HR by the deadlines established by HR to take effect by the appropriate pay date. Personnel Action Forms for staff supported/assigned to externally funded accounts are reviewed by Research or designated office as appropriate.
4. In conjunction with the HR staff, the Payroll staff sets up pay records.
5. During any given period, changes are made to these records. Changes result from new hires, terminations, and changes to deductions and withholdings. In conjunction with the HR staff, the Payroll staff updates the records and prepares the payroll to be processed.

Responsibilities

1. The sponsoring department is responsible for initiating the PAF.
2. Supervisors are responsible for ensuring that new employees do not begin work until given an official start date by the HR department.
3. Human Resources approve all PAFs.
4. Research reviews externally supported/designee PAFs.
5. Finance verifies funding availability.
References

Administration
Human Resources
Finance
Office of Sponsored Programs
**Standard**

Finance: Payroll

Effective Date: August 13, 2010

Previous Date: May 1, 2002

**Re: Timecard Processing**

**Standard**

Timecards are legal documents under State of California labor laws and are the basis for determining employee wages, overtime, sick leave, vacation, holiday, non-paid time off, compensation, and benefits under the various insurance/fringe benefit plans. Timecard falsification is grounds for discipline, up to and including immediate termination.

**Background**

Payroll will be computed and determined from approved timecards. No change will be made after the timecard has been submitted to the Payroll Department. If errors are discovered later, a manual check will be processed and issued as soon as the Payroll Department has secured the proper signatures and revised/updated documentation.

**Procedure**

1. The University’s timecard will be used to record the time worked by all hourly, exempt and non-exempt salaried employees.
2. All employees are expected to maintain accurate daily records of time worked.
3. Employees must sign their own timecards. Any errors on the timecard should be crossed out and initialed. Do not use ‘white-out’.
4. The employee’s immediate supervisor must review and approve the employee’s completed timecard.
5. The original timecard must be submitted to the Finance Department according to the schedule sent out by Payroll Department.
6. The payroll analyst computes the totals on the timecard - regular time worked, sick time, vacation time as well as other time allowable under University policy.
7. The payroll analyst verifies that the actual paycheck coordinates with the timecard originally submitted.
8. Timecards for each new pay period and the payroll checks are to be delivered to or picked up by an authorized program designee.
9. No person shall pick up an employee’s payroll check without prior written authorization and appropriate picture identification.

07-02-01
Responsibilities

1. Employees are responsible for accurately completing their timecards.
2. Supervisors are responsible for verifying that timecards accurately reflect time worked and for approval.
3. Payroll analysts are responsible for computing totals on timecards and accurate data entry.
4. Payroll analysts are responsible for verifying actual payroll checks against timecards submitted.

References

Administration
Human Resources
Finance
Re: Check Processing

Standard

A payroll check is produced for every active employee with a valid Personnel Action Form (PAF) record on file in Human Resources (HR).

Background

Procedure

1. Personnel Action Forms are received in Finance Department from the originating department with approvals of the account manager, principal investigator(s), and dean. Externally supported PAFs are reviewed by Office of Sponsored Programs.
2. After Finance approves, they are sent to HR for final approval and entry into the payroll system.
3. A final copy of the PAF is sent back to the Payroll Department.
4. The payroll analyst and supervisor check the data entry in the payroll system against the final PAF for accuracy.
5. Both HR and Payroll Department retain copies of the final PAF in the employee file.
6. The payroll supervisor runs the employee prelist report which contains each employee's name, gross wages, deductions and benefits and reviews the report.
7. Any needed changes are made, documented and reviewed. The payroll supervisor, or designee, then prints the checks and direct deposit stubs.

Responsibilities

1. The Payroll Supervisor is responsible for check processing.
2. The Controller is responsible for quality control and oversight.

References

Human Resources
Finance
Office of Sponsored Programs
Re: Check Distribution

Standard

Payroll checks are distributed to employees on or about the 10th and 25th day of each month. If these dates fall on a weekend or holiday, they are distributed the preceding business day.

Background

Procedure

1. Checks are folded and inserted into envelopes with the employee identification information visible.
2. Checks are organized by the payroll analyst into bundles, along with the appropriate timecards, by department locations.
3. A transmittal form is created and attached to each set of checks.
4. University Security personnel, or other authorized personnel, distributes or picks up department checks and timecards. If an authorized designee is not present or available, the checks are kept in the Payroll Department.
5. The authorized designee or each individual employee must then provide a current identification (driver’s license, state identification card, or Drew employee badge) and sign the Payroll Check Release form in order to pick up their check(s) from the Finance front desk.

Responsibilities

1. The Payroll Supervisor is responsible for check distribution.
2. The Controller or designee is responsible for oversight and quality control.

References

Human Resources
Payroll
Finance
Re: Direct Deposit

Standard

All employees are encouraged to participate and take advantage of the Electronic Funds Transfer (EFT) option offered by the University.

Background

This option allows the direct deposit of an employee’s wages into a checking or savings account with the Bank, Savings and Loan, or Credit Union of their designation. Direct deposit is a benefit offered by the University to employees and is not mandatory. An employee’s signature on the Direct Deposit Authorization Agreement indicates that he/she agrees to abide by all University policies governing the direct deposit process.

Procedure

1. The Direct Deposit Authorization Agreement must be completed and signed by the employee authorizing the Payroll department to directly deposit the employee’s check.
2. The employee must submit to Payroll a void, blank check along with a completed Direct Deposit Authorization Agreement. Employees who desire a deposit to a savings account must also include a telephone number for the institution. For partial deposits, the desired amount to be withheld should be indicated on the form next to the appropriate checking or savings box.
3. An employee’s signature on the Direct Deposit Authorization Agreement indicates that he/she agrees to abide by all University policies governing the direct deposit process. This includes, but is not limited to, the timely submission of a completed timecard.
4. Employees who violate the University’s policy of submitting a completed timecard timely each pay period may have their direct deposit benefit stopped and will be issued a paycheck. The employee will be notified.
5. Any additions, deletions, changes, or cancellation to a direct deposit must be reported to the payroll department in writing on the Change/Cancellation Direct Deposit Agreement form prior to the pay period in which the action is to be made.

Responsibilities

1. The Payroll Supervisor is responsible for direct deposit processing.
2. The Controller is responsible for quality control and oversight.

References

Human Resources
Payroll

07-05-01
Re: Lost Checks/Stop Payments

Standard

The Cash Management Department is responsible for checking the payment status of a payroll check or accounts payable check reported to be misplaced, damaged, or lost. The Payroll Office is responsible for issuing a replacement payroll check, if appropriate, on a timely basis.

Background

Occasionally, payroll checks are misplaced, damaged, or lost. If any of these events occur, a manual replacement check may be issued.

Procedure

1. The employee must contact the payroll office and request a replacement check.
2. A two-part Stop Payment Request form with the employee’s name, check date, check number, amount, and reason is completed and given to the Cash Management department.
3. The payroll supervisor verifies the status of the request, processes the request and returns a copy to payroll with a confirmation number of the stop payment or the notation, “not able to process,” if the check has already cleared the bank.
4. The appropriate payroll analyst will produce a replacement check

Responsibilities

1. The payroll supervisor is responsible for processing stop payment requests and for reissuing checks, if appropriate.
2. The Controller is responsible for quality control and oversight.

References

Human Resources
Payroll

07-06-01
Re: Voiding Checks

Standard

All returned/unclaimed checks are held in the Payroll Department pending disposition. Checks may be held for extended periods or voided, as determined by the Supervisor. A void check may subsequently be reissued after the appropriate payroll analyst verifies that the check is warranted. Checks not claimed are escheated to the State of California annually, or as determined by the Supervisor.

Background

Procedure

1. Each payroll analyst is responsible for inputting all returned/unclaimed payroll checks into the IS system in a timely manner.
2. The payroll analyst must change the IS employee payroll history “CkNote” from DP (distributed-paid) to WR (waiting-for-reversal).
3. The voided check or EFT is then given to the payroll supervisor or manager and is reversed through the IS payroll check maintenance module. The check maintenance program reverses the check or EFT record from the employee’s payroll history by creating a duplicate off-setting record containing negative numbers. The process preserves the original record while at the same time reversing the posting to the General Ledger and changing the check status to void in the Check Management database.
4. Void checks are forwarded to Cash Management and documented in the appropriate employee’s file in Payroll department.

Responsibilities

1. The payroll supervisor is responsible for voiding and reissuing payroll checks.
2. The Controller is responsible for quality control and oversight.

References

Human Resources
Payroll

07-07-01
Standard

Finance: Payroll

Effective Date: August 13, 2010
Previous Date: May 1, 2002

Re: Garnishments

Standard

The Payroll department provides and maintains a system for equitably handling employee garnishments.

Background

A garnishment is a legal order to withhold a specified sum from an employee’s wages to satisfy a debt in accordance with the federal wage garnishment law. A Levy, Earnings Withholding Order, or a Wage Assignment is the legal terminology for a garnishment. The Agency attaching the employee’s wages sends a notice to the University indicating the name of the employee and the amount to be garnished.

The following is a list of the names and numbers of the various forms:
- Internal Revenue Service (IRS) - Form 668-W.
- Franchise Tax Board - Earnings Withholding Order Form FTB2905
- State of California - Earnings Withholding Order Form DE9400
- District Attorney & Family Support Divisions - Form DA1299.25A
- Sheriff’s Department Wage Assignment - Form 982.5 (2)
- Student Loan Order of Withholding From Earnings - Form EDF 416-24a

Procedure

1. Each notice is distributed to the payroll analyst. The payroll analyst creates a garnishment file for the employee.
2. For IRS orders, a copy of the levy, parts 2-5, specifying tax filing status and personal withholding exemptions is sent to the employee timely that the order is received. The levy will continue in effect until the employee’s liability is satisfied or becomes unenforceable and the IRS issues a Release of Levy, Form 668-R.
3. For Franchise Tax Board orders, parts 3 and 4 are sent to the employee timely day that the order is received. Part 2 is completed by the payroll analyst and returned to the Franchise Tax Board within 15 days after receipt of the order.
4. The employee must respond to his/her required parts within 10 working days.

07-08-01
5. The University is required to withhold the requested portion of the employee’s disposable earnings. The Internal Revenue Code exempts from tax levies a portion of wages equal to the employee’s standard deduction plus personal exemptions allowed for the taxable year divided by 52. Support payments, bankruptcies, and other federal garnishments, have set limits on the amount of the employee’s wages that can be garnished by court order. State laws differ from federal laws concerning the definition of disposable earnings, limits on the amounts that may be garnished and methods of calculating garnishments.

6. Because a garnishment is a matter between the employee and the taxing agency or firm/person named as plaintiff in the order, only the issuer of the garnishment has legal authority to modify or release the levy. Payroll must receive a written release from the Agency within 5 working days prior to payday in order to stop the deduction.

Responsibilities

1. The Payroll Supervisor is responsible for garnishment processing.
2. The Controller is responsible for quality control and oversight.

References

Human Resources

07-08-02
Re: Leave Time

Standard

Vacation, sick, and leave balances are maintained in the Payroll Department.

Background

The University provides leave benefits.

Procedure

1. Vacation, sick, and leave balances are maintained in the Payroll Department.
2. Employee should submit a written request to the Payroll Department. Only written requests will be processed. Employees must allow 3 to 5 working days for processing requests.
3. Leave balances are verified by the Payroll Department.

Responsibilities

1. Payroll is responsible for leave balances.

References

Administration
Human Resources
Payroll
Re: **W-2 Processing**

**Standard**

The Finance Department will issue all W-2s by January 31st of each year.

**Background**

W-2s are required by regulation.

**Procedure**

The Payroll Supervisor processes W-2s.
The Controller oversees the process.

**Responsibilities**

Payroll department is responsible for W-2s.

**References**

Human Resources
Payroll
Re: Payroll Taxes

Standard

Payroll taxes shall be remitted in a timely manner with proper authorizations and support. Payroll tax returns shall be prepared accurately and filed on or before the deadlines required by federal and state law.

Background

In general, federal and state laws may impose significant penalties when payroll taxes are not deposited and payroll tax returns are not filed in an accurate and timely manner.

Procedure

1. The payroll supervisor prepares a summary of all payroll transactions each pay period.
2. This summary is reviewed and approved by the Controller, Assistant Controller, or designee.
3. The payroll supervisor initiates three (3) separate electronic transfers for federal taxes, state unemployment taxes, and state income and disability taxes.

Responsibilities

The Payroll Supervisor is responsible for preparing payroll tax transfers and returns. The Controller, or designee is responsible for approving payroll tax transfers and returns.

References