Financial Services Workshop

Payroll Breakout

Introductions

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Payroll Admin Clerk  Rosie Evans  328-4955 evansro@ecu.edu
Payroll Temp  Sue Scott  328-5463 scotts@ecu.edu

Primary Areas of Responsibility

<table>
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<th>Letty</th>
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<tbody>
<tr>
<td>Employee overpayments and collection, taxes, W-2s, system integration and reporting, semi-monthly (SM) payroll processing, manual checks, payroll and benefit adjustments</td>
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<th>Marci</th>
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<td>Foreign national/non-resident tax review, analysis, and reporting, 1042S</td>
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<td>Temp and Student (TS) payroll processing, Web-time, Mass Time Entry (MTE) and Kronos support</td>
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<td>LOA and termination calculations, pay adjustment calculations, Core Banking and wires</td>
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<td>Web-time, Mass Time Entry (MTE) and Kronos support, Wages earned and anticipated for retirement calculations, Dual employment, Holiday pay verification</td>
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<th>Brenda</th>
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<td>Excess wage verification, Direct deposit processing, web-time support</td>
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<th>Rosie</th>
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<tr>
<td>W-4 and NC-4 processing, front office support, W-2 mailing and returns</td>
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What Payroll does

- Review and input all W-4, NC-4 and Direct deposit forms
- Upload time and wages submitted through Webtime, MTE and Kronos into Banner
- Upload deductions through automated interfaces
- Manually key adjustments submitted from timekeepers/departments
- Calculate and key exceptions for terminations, LOA, returns from LOA, job changes and other non-standard pay situations

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What Payroll does

- Key payroll reductions for overpayments
- Work exception reports generated throughout payroll process
  - FOAP
  - Wages recorded in Kronos, Webtime, MTE not loading to Banner
  - Variances this semi to last
  - Excess wages verification
  - Tax compliance review

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What Payroll does

- Reconcile tax liability accounts
- Ensure timely and accurate submission of Federal and State taxes and quarterly/annual reporting
- Manage failed Direct Deposits
- Generate benefit refunds to terminated employees
What Payroll doesn't do

- Change names or SS#s in Banner-HR
- Input or change deductions
- Manage liens, garnishments-HR
- Manage or view leave records
- Validate dates on EPAFs
- Reconcile payroll expense to the ledger
- Review or reconcile Payroll History reports
- Review payroll or labor suspense accounts

What Payroll doesn't do

- Review POSMAN reports
- Unemployment claims or payments-HR, Employee Relations
- Reconcile or submit payment to other vendors (e.g. Insurance, wage garnishments, retirement programs)-IPS

Payroll Calendars
What happens to Approvals after cut-offs?

- System accepts approval, but may not be uploaded as part of semi-monthly upload process
- Doesn’t get “picked-up” next pay
- Cut-off March 19th, but realize on March 21st there is a change…now what?

Payroll Exception/Adjustments

- Contact Payroll office
- Request Adjustment form
- Complete with signatures
- Return to Payroll BY DUE DATE for manual keying
- Follow up to ensure hours/pay was included in employee’s pay
- Do NOT re-submit hours/pay in subsequent payroll

Finalizing Payroll

- Payroll is Finalized 3 working days prior to Pay Date

<table>
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<tr>
<th>PAYROLL FINALIZED</th>
<th>PAY ISSUE DATE</th>
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<tbody>
<tr>
<td>25 March</td>
<td>28 March</td>
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<tr>
<td>10 April</td>
<td>15 April</td>
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<tr>
<td>25 April</td>
<td>30 April</td>
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- Some changes can be made between Webtime, MTE deadlines and Payroll finalization dates.
Manual checks

• Cannot be issued if there is no active job for the employee
• Should only be requested if waiting for next semi-monthly pay causes the employee a financial hardship
• Requires payroll to run the entire payroll process- maintain the right to deny request for manual check.
• Will be issued as a manual check NOT a direct deposit.
• Will be available for pick up after 10 a.m. exactly one week following the regular semi-monthly pay day.

Manual checks

• Contact payroll office
• Request Manual check form
• Complete with signatures
• Return to Payroll by DUE DATE
• Do NOT include hours in next semi’s MTE.

Employee forms-W4

Form W-4 (2013)
Employee forms - W4

W-4

- Default is S0-Highest tax rate
- Encourage employees to utilize the worksheet and keep copy for their records
- Don’t provide advice on number of allowances or status
- Utilize 2013 form (worksheet changes)
- Payroll can reject W-4

Claiming EXEMPT

- Must meet BOTH conditions
  - 1) Last year had a right to refund ALL federal income tax withheld because I had NO tax liability...
  - AND 2) This year I expect a refund of ALL federal income tax withheld because I expect to have NO tax liability.
- Must be renewed annually and resubmitted by 15 February
Supplemental Pay

- IRS flat supplemental tax rate is 25 percent regardless of filing status or allowances selected on W-4
- Supplemental Wages
  - Dual Employment
  - Bonus and Incentives
  - Settlement Agreements
  - Awards
  - Vacation Payout
  - Severance
  - Longevity
  - Supplemental Taxable Benefits

When to file a new W-4

- REQUIRED:
  - Name change (after receiving SS card)
  - Divorce, spouse takes a job, dependent moves out of house
  - Realize you are no longer EXEMPT.
- OPTIONAL:
  - Birth of child or adoption, spouse quits their job
  - Realize you are EXEMPT.
Viewing W-4 allowances

Federal Tax Table
- Standard exemption allowance for 2013 is $162.50 times number of allowances

State Tax Table
- Standard exemption allowance is $104.17 or $83.33 times number of allowances
Social Security Tax

- **FIC-FICA OASDI**
  - Old-Age, Survivors, and Disability Insurance
  - Employee: 6.2% (increase from 4.2% in 2012)
  - Employer: 6.2%
  - Maximum taxable earnings for 2013 is $113,700.
- **FIM-FICA Medicare**
  - Medicare hospital insurance part of Social Security
  - Employee: 1.45%
  - Employer: 1.45%

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Social Security Tax

- **FIH-Additional Medicare Tax**
  - New in 2013
  - Employee: .09% of wages in excess of $200,000/yr.
  - Employer: none

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Pay Information
Pre-Tax Deductions-Federal

- All deductions that say “Pre-Tax”
- 401K, 403b (not Roth) and 457 contributions
- Flex dependent care spending, Flex medical care spending
- Health insurance premiums
- TSERS state retirement, Fidelity, Lincoln, TIAA and VALIC and “undecided”
  Employee contributions

Pre-Tax Deductions-Social Security

- All deductions that say “Pre-Tax”
- Flex dependent care spending, Flex medical care spending
- Health insurance premiums

Student FIC/FIM/FIH Exemption

- Students working and enrolled at ECU may be temporarily exempt from SS taxes.
- Based on # of hours enrolled
- Evaluated each pay period

<table>
<thead>
<tr>
<th>Enrollment Status</th>
<th>Minimum # of hours</th>
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<tbody>
<tr>
<td>Graduate</td>
<td>4</td>
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<tr>
<td>Medical</td>
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<tr>
<td>Undergraduate</td>
<td>6</td>
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<tr>
<td>Dental</td>
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Foreign National Employees

- Employees on a temporary visa need to visit the payroll office annually to do a tax assessment.
- Employees without green card or who do not meet the substantial presence test for resident alien, can only claim one allowance for federal and state withholding and will be taxed at the higher nonresident alien rate (except for Canada, Mexico, Korea, and India).
- Green card holders and resident aliens for tax purposes are taxed the same as US citizen.

Foreign National Employees

- Foreign nationals being taxed as a nonresident alien may be exempt from FICA tax depending on the visa type (F-1, J-1, M-1, Q-1) used to enter the United States and compliance with the terms of that visa.
- Foreign nationals meeting the substantial presence test for resident alien may be exempt from FICA only if they meet the student exception which is the same for a US citizen that is based on half time enrollment/thesis.

Special Earnings

- Paid on First Semi:
  - Longevity
  - Extra pay for OT, Shift, Beeper and Longevity
- Paid on Second Semi:
  - EIC 909-NC: Flex Life Insurance Imputed Income, calculated on coverage over $50K based on employees age and amount of coverage.
- Paid on Both Semis:
  - Non-cash
    - Car/Phone Allowances
    - Taxable SFB Med Direct Bill
Why 86.67 hours?

- 52 weeks \times 40 \text{ hours week} = 2080 \text{ hrs}
- 2080 \text{ hrs} / 24 \text{ pays} = 86.67 \text{ hrs per pay}
- Pay periods range from 9 days to 12 days.
- Wage adjustments calculated based on # of days worked/missed in pay period vs. 8 hours day times # of days

Wage adjustment calculation

- John Doe retired on 22 February and earns $1250 per pay
- Final salary calculated as \frac{5}{9} \times $1250

A little about dates

- NBA JOBS:
  - \textbf{Termination Date:} The last day of employment at ECU
  - \textbf{Effective Date:} Date that the Job assignment record becomes effective.
  - \textbf{Personnel Date:} The date the change should have happened if different than the Effective Date.
    - For example, an employee was supposed to get a salary increase on November 1 but the notification for the increase was late and the employee has already been paid on November 15. In this case, the earliest Effective Date that can be used is November 16. So the Personnel Date is used to record the date on which the action should have occurred, November 1.
Banner Security Access for Webtime, MTE

Step 1:
- One Stop > Tools > Employee > Reporting Structure
- Make certain your supervisor has “claimed you”.
- If not, have supervisor go to Reporting Structure and key in your Banner ID

Step 2: Accept your supervisor
One Stop > Tools > Employee > Reporting Structure
Click on “Approve”

Step 3
One Stop > Tools > Banner > Banner Security Request > Request Security > Human Resources
Banner Security Access

Mass Time Entry (MTE)
- Used to enter non-regular pay
- Accessed through One-Stop
- Employee Pool
- Submitter/Approver/Proxy
- Some restrictions to Earnings codes

Kronos update
- Who?
  - Entire campus-SPA and EPA employees, SM and Student/Temps
- What?
  - Time and attendance-time clock for non-exempt
  - Leave tracker-eliminates paper/excel leave records
- When?
  - Rebuild implementation team
  - Upgrade to most recent version
  - Automate security model
  - Developing phasing and implementation plan
- Why?
  - Improve policy and FLSA compliance
  - Improve productivity and manual timekeeping
  - Eliminate paper leave records
Leave Reporting

- Payroll does not have access to leave records
- If employees miss work and have no leave "on the books", timekeepers are RESPONSIBLE for reporting hours missed to Payroll so that pay can be adjusted appropriately.

Wage and hour laws

- "Non-exempt" covered by Federal FLSA.
- Overtime for hours worked in excess of 40 for single workweek.
- Non-exempt SPA employees paid salaried wages, but must be compensated (comp time) for hours worked over 40 in single workweek.

EXAMPLE-1
### Example 1

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How can we reduce overpayments?

- Complete Leave of Absence forms timely - WC, FMLA, etc.
- Complete Termination forms timely
- Keep leave records up to date
- Notify Payroll of short notice terminations immediately
- Notify Payroll of employees in negative leave situations or work missed with no leave “on the books”

How can we reduce overpayments?

- Review budget and ledger reports for discrepancies/variances
- File EPAFs timely to end jobs, stipends, etc.
- Ensure jobs set up in advance actually begin assignments on target date
- Ensure EPAF dates and pay factors are correct
- Notify payroll immediately of death in service

Collection Process

- First Notice: Employee notification of overpayment
  - If current employee-payroll reduction
  - If terminated-begin collection process
- 30 days: second notice 10% penalty and 5% annual interest
- 60 days: final notice and to NCDOR for wage offset
- 90 days: submission to NC Attorney General’s office
- 120 days: submit to Collection agency
Collection Process

- If collected in same year, employee pays back net wages
- If collected in subsequent year, employee pays back gross wages
- Job FOAP credited when payment is received. (May be closed FOAP)

Resources: Payroll web site

- Staff listing
- Forms
- Payroll Calendars

Forms
- Authorization for Direct Deposit
- Student Time Sheet
- HC-4 State Taxes
- W-4 2013 Employee's Withholding Allowance Certificate
- I-9 Employment Eligibility Verification
- W-2 2012 Wage and Tax Statement Instructions
- W-2 Form Remove Request

What can you do to help?

- Encourage employees who have a name change to get a new SS card and present to HR
- Make certain employees update their permanent mailing address in Banner before terminating. **317 W-2's returned in 2013**
- Report terminations timely so that we can pay final wages in accordance with state guidelines or withhold pay if appropriate
What can you do to help?

- Use the Comment section of EPAFS, termination forms and LOA forms to add clarity.
- Submit EPAFs timely and seek clarification if you are unsure of the dates to use.

What can WE do to help?

14 March 2013