Payroll, Related Liabilities and Timekeeping

**Purpose:** The intent of the following policy is to describe the payroll process and the procedures to ensure proper management and avoid fraud and/or theft regarding payroll.

**Policy:** Access to computerized and/or paper generated payroll records is limited to those with a logical need for such access.

It is the responsibility of each employee and their supervisor to report Notices of changes in personnel data promptly through the chain of command to ensure that human resources and payroll accounting functions are properly maintained. Changes in banking information received from employees will be verified by the accounting clerk verbally requesting additional information to include: Birthday Address and Social Security Number.

Banking information received from HR, in any form, for new employee hires will be verified by the accounting clerk by sending HR a NEW confirming email.

Initial pay rates and pay rate changes are prepared by the HR department via a Personnel Action form signed first by the employee and then signed by the employee’s manager who routes Personnel Action form to the Comptroller, COO and CEO for their approval and signature.

The Accounting Clerk or Accounting Assistant enters the new employee rate or change in rate in the payroll system.

**Procedure and/or Process:**

CDS pays employees every two weeks in accordance with a Pay Schedule that is updated annually and posted on the intranet.

Separate Time Sheets for each pay period are available for Hourly Employees and Salaried Employees and are posted on the intranet.

Time Sheets are typically due by noon on the Monday before a pay day, unless Managers are noticed of a change in schedule by the Fiscal Department.

Time Sheets for hours worked should be filled out accurately and completely and signed by both the employee and their supervisor as a testament to the accuracy of the Time Sheet. Any changes to the Time Sheet should be initialed by the supervisor or Comptroller.

Completed Time Sheets containing original signatures may be faxed or e-mailed. The Time Sheet should be submitted to the Fiscal Department for processing.

Upon receipt the Accounting Clerk will check the Time Sheet for hours worked and compute regular/overtime/double time hours. If an employee took sick or vacation time the Accounting Clerk reviews to ensure that the accumulated hours allow the time off with pay. In cases where an employee has worked 40 hours within a week and has also claimed vacation and/or sick time in that same week, the vacation and/or sick time will be removed and remain credited to the employee for future use. When an employee has accumulated 40 work hours in a week, vacation and/or sick time may not be used to pay the employee for additional hours.

The Accounting Clerk or Accounting Assistant confirm that all time sheets are received before entering data into the payroll system.

The Accounting Clerk will ensure that the employee and supervisory signatures are present attesting to accuracy and approval respectively.

The Comptroller is responsible for providing oversight to ensure that detailed records are maintained of the liability for compensated absences and that they are regularly reconciled to the control account.

In the case where the Accounting Clerk suspects the Time Sheet has unapproved alterations and/or erasures she/he should consult with the signing supervisor and/or Comptroller prior to further processing. Once all issues are resolved, the Accounting Clerk or Accounting Assistant then enters the hours worked, vacation and sick for all employees into the payroll system which calculates the payroll taxes.

The Accounting Clerk and the Accounting Assistant review the final payroll posting register. One reads the names and hours from the payroll report and these are compared to the timesheets. The Comptroller and COO review the payroll reports and the entries before they are posted. Upon satisfactory review, The Accounting Assistant uploads the direct deposit Automated Clearing House (ACH) file to the banking institution. The Comptroller logs on to the bank and reviews/prints the payroll ACH to assure it matches the payroll reports. Upon satisfactory review, The Comptroller approves the ACH batch.

The Comptroller approves the Final Payroll.

The Comptroller compares the actual to budgeted payroll and if significant variances exist, investigates documents the cause, and initiates corrective action.

Payroll stubs containing gross pay and deductions are emailed to staff

The Comptroller is responsible for providing oversight to ensure that payroll costs are properly distributed to accounts, contracts, grants, programs, and other functions.

The Comptroller is responsible to ensure that payroll taxes are paid timely and that payroll tax returns are filed when due.

The Comptroller is responsible to ensure that other withholdings such as 401(k) and cafeteria plan withholdings are remitted in a timely manner.

The Comptroller is responsible for providing oversight to ensure postemployment and postretirement benefit accruals are accurate and properly recorded.

The Comptroller is responsible for providing oversight to ensure employee benefit matters are monitored and remain in compliance with applicable legal, regulatory, actuarial, and accounting requirements.

The Comptroller is responsible to ensure that reconciliations are prepared of gross and net pay amounts as shown on tax returns (W-2 Forms) to total payroll on the payroll register and general ledger.

Employees with payroll responsibilities are expected to take vacations and in their absence other employees are trained and required to perform those functions.

Payroll is distributed to employees via direct deposit.

**Timekeeping**:

The distribution of salary and wages charged to federal awards shall be based on actual employee activity as reflected in personnel activity reports (timesheets), prepared after-the-fact, that include the total activity for which employees were compensated; and timesheets shall be certified as accurate by either the employee or supervisor familiar with the employee’s activities.

CDS will not charge salary and wages to federal awards based on budget estimates (See OMB Circulars A-87 and A-122, Attachment B of ss. 8.h and 8.m, respectively).