

Oklahoma State University Policy and Procedures

PAYROLL

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INTRODUCTION

1.01 The responsibility for setting up employee pay and processing of Oklahoma State University and the OSU System (“University”) payroll is assigned to Payroll Services which reports to the Associate Vice President and Controller. The responsibility for setting up new employees and coding employee demographic information is assigned to Human Resources. The responsibility for collecting new employee sign-up information, initiating pay actions, and collecting/reporting of time worked and leave taken and earned is assigned to the departments/units in which the employees work. The responsibility of reporting the amount of time worked and/or leave taken in a timely and accurate manner is assigned to each individual employee and their supervisor. A partnership therefore exists between Payroll Services, Human Resources, the individual departments, and every employee to ensure that employees are paid what is due them in a timely and accurate manner.

1.02 Each employee of the University agrees to render service at a specified rate of pay, either at a monthly rate, hourly rate or job rate, and in return expects compensation at a specified time. Therefore, it is the objective of Payroll Services, as a service function of the University, to provide payment for services rendered to each employee when payment is due. In order for Payroll Services to meet this objective, it is imperative that all departments/units of the University involved with the pay process meet the payroll deadlines. Furthermore, every employee must meet the deadlines set by their departments/units for reporting time worked and leave taken.

PURPOSE AND SCOPE

2.01 Salaries, wages, payroll taxes, and employee benefits are a significant part of the University’s expenditures and are subject to various federal and state regulations. The University has established pay structures, systems, and processes which promote compliance with these regulations as well as its own policies and procedures.

2.02 There are three types of payrolls: monthly (salary), bi-weekly (wage), and Exception to Normal Pay (ENP). This policy applies to all types of payroll unless otherwise stated.

UNIVERSITY POLICY

3.01 As required by state law (Section 75-250.6(b)), all state officers and employees shall not be paid any salary, fee, wage, remuneration, expense allowance, or other compensation on warrants issued by the State Treasurer except when claim for payment is made on the prescribed payroll form of the agency for which services are performed.

3.02 As required by various federal and state laws, the University is responsible and held accountable to ensure compliance with the laws relating to withholding tax, employment tax, employment eligibility, unemployment compensation, workers' compensation, and FLSA laws, such as minimum wage and overtime. In order to fulfill the University's obligation with respect to federal and state law, all payments to employees for services rendered shall be made through the payroll process. A determination of Independent Contractor Status form (located at <http://vpaf.okstate.edu/UA/DeterminationStatus.htm>) should be completed to determine whether the individual should be considered an independent contractor or an employee.

3.03 The Board of Regents must approve certain personnel/payroll actions for full-time permanent OSU employees per Section 3.08 of the Policy Manual of the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges. Refer to http://regents.okstate.edu/3_08.html for complete details of the reporting requirements.

3.04 Oklahoma Teachers' Retirement System (OTRS) retirees are not eligible to be re-employed by any public school or to volunteer services in lieu of pay in any capacity for sixty (60) calendar days from the retiree's last day of pre-retirement public-education employment. (Note: The last day of pre-retirement employment means the last day the employee is required to be physically present on the job to complete the terms of the employment contract or agreement.) University employment under any condition during the sixty days will cause the forfeiture of all retirement benefits received during the period (OTR 715:10-17-2). There are also earnings limits per calendar year for retirees who return to work. Refer to the OTRS website at <http://www.ok.gov/TRS/> for more information.

3.05 Any State of Oklahoma agency is prohibited from entering into a sole source contract or a contract for professional services with an employee who has terminated employment with or who has been terminated by that agency for one (1) year after the termination date of the employee from the agency. The provisions of this subsection shall not prohibit an agency from hiring or rehiring such person as a state employee (State Statute 74-85.42). This does not include a sole source contract or a contract for professional services at any time with a person who is a qualified interpreter for the deaf.

3.06 Employees cannot be paid until all employment and pay documents are completed and routed through the prescribed approvals and administrative offices. All new employees are required to complete all sign-up documents before being placed on payroll. It is the responsibility of the hiring department to ensure that all sign up and payroll documents are prepared accurately, timely, and legibly in order to expedite the

process. Sign-up information and a list of the required sign-up forms can be found at <http://hr.okstate.edu/hr/newHire/new-hire-info.htm>.

3.07 International employees have certain restrictions and guidelines to follow for employment in order to maintain their legal status in the United States. These employees require clearance from the Office of International Students and Scholars (ISS). ISS is responsible for determining the work status of the international and what dates the employee is allowed to work. Departments shall not appoint international employees past their work clearance end date.

3.08 Departments are responsible for completing the Employment Action (EA) form by using the Online Employment Action application located at https://app.it.okstate.edu/ea_forms/. The departments will also establish the department/college routing prior to routing through administrative channels. Payroll Services will review all employment actions to ensure the proper pay assignments and earnings will be established for all employees.

3.09 The actual payroll process involves the testing and finalization of the various payrolls. This process can be accomplished timely and accurately through the combined efforts of employees, departments, and Payroll Services.

- A. Payroll Services provides biweekly, monthly, and Board payroll schedules and deadlines at <http://vpaf.okstate.edu/PayrollServices/ProcessingSchedulesAndDeadlines.htm>. Departments must set internal deadlines for employees to turn in timesheets, report leave taken, and obtain necessary authorizations so they can meet these established deadlines.
- B. Each employee is responsible for reporting their time worked and/or leave taken each pay period on a timely basis.
- C. Departments are responsible for approving this information by the deadline.
- D. During the testing of each payroll and after the payroll is finalized, reports are made available to departments to review their employees' pay for that pay period. Any discrepancies discovered through this review should be reported immediately to Payroll Services for correction.
- E. Prior to payday, an electronic payroll advice will be provided to each employee that is scheduled to receive pay. It is the employee's responsibility to review his/her payroll advice and report any discrepancies or irregularities to his/her department immediately.

3.10 There are times when departments will need to pay employees additional pay beyond their regular pay assignment. This is facilitated through the use of the Exception to Normal Pay (ENP) system.

- A. The schedules and deadlines for ENPs are included in the biweekly and monthly schedules and must be adhered to in order for employees to receive their pay in a timely manner.

- B. There are guidelines the departments must follow to ensure compliance with the purpose of the ENP. These guidelines are located at <http://vpaf.okstate.edu/PayrollServices/Documents/ENP%20Guidelines5.doc>.
- C. Payroll Services conducts compliance reviews on an ongoing basis to ensure that departments are following these guidelines which in turn ensures that employees are being paid correctly and in the most efficient manner.

3.11 In order to ensure proper pay, all earnings, taxes, reductions, and deductions must be entered into the payroll system.

- A. The earnings are set up from the EA forms and ENPs after approval from the departments and/or colleges, as well as a review by Payroll Services.
- B. The employment taxes are set up and monitored in the payroll system by Payroll Services. They include all applicable taxes required by federal and state regulations. Refer to <http://vpaf.okstate.edu/PayrollServices/PayrollTools.htm> and click on Current Payroll Tax Deductions for applicable employment taxes.
- C. Employees may have certain items either deducted or reduced from their pay. Deductions have no effect on an employee's taxable income and can include both voluntary and involuntary items. Reductions decrease the taxable income for the employee. For a list of the most common deductions and reductions, refer to <http://vpaf.okstate.edu/PayrollServices/PayrollTools.htm> and click on Common Payroll Deductions and Reductions. Voluntary deductions and reductions are established when employees complete the appropriate form. Involuntary deductions are established from court-ordered documents.

3.12 Payroll expenses are one of the University's largest expenses. It is imperative that all salaries, wages, and benefit charges are expensed to the appropriate accounts.

- A. When a department requests a new employee position, it must also provide the labor distribution for that position. The labor distribution will be established when the new position number is assigned to the department.
- B. The department is then responsible for maintaining the correct labor distribution on all its positions.
- C. Changes to current and future labor distribution can be made through the HRS Labor Distribution module. Refer to <http://vpaf.okstate.edu/PayrollServices/PayrollTools.htm> and click on Maintaining Proper Labor Distribution for instructions on how to make labor distribution changes.
- D. Changes to labor distribution on payrolls that have already processed must be made by using the labor recast or reallocation process. See <http://vpaf.okstate.edu/PayrollServices/DownloadGuidesAndForms.htm> and click on the HRS Reallocation Transaction form or the HRS Recast Transaction form to initiate a correction to the labor distribution after it has processed. The instructions for these forms are also located at this site.

3.13 The University offers a salary deferral plan for employees who do not have 12-month assignments but wish to be paid over more months than their assignment length. The salary deferral plan is predominantly used by faculty. There are certain federal rules and regulations that must be followed in order to defer income into the following tax year. Information and forms for the salary deferral program can be found on the Payroll Services website at

<http://vpaf.okstate.edu/PayrollServices/Documents/Sal%20Def%20011308.doc>.

3.14 Departments are responsible for keeping track of their employee's leave balances and for reconciling the balances to those reported in HRS. A leave correction form can be found at <http://vpaf.okstate.edu/PayrollServices/Documents/leavcorr.pdf>. The instructions for completing this form are available at <http://vpaf.okstate.edu/PayrollServices/DownloadGuidesAndForms.htm>, then click on Instructions for Leave Corrections.

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