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DEPARTMENT OF ADMINISTRATION

Division of Accounts and Reports

INFORMATIONAL CIRCULAR NO: 97-P-004

DATE: October 15, 1996

SUBJECT: SHARP Payroll Pointers #2

EFFECTIVE DATE: Immediately

A & R CONTACT: Payroll Services - (913) 296-3146

APPROVAL:

SUMMARY: Helpful Payroll Processing Information

In a continuing effort to assist agencies in processing payroll transactions, the Payroll Section of the Division of Accounts and Reports has compiled a listing of additional payroll pointers (SHARP Payroll Pointers were also distributed in Informational Circular 1337 dated April 9, 1996). Please provide a copy of this summary to all SHARP Payroll users in your agency.

- **TAX DATA** - New W-4 forms need to be completed each calendar year by employees who are claiming 'Exempt' from withholding. New W-5 forms also need to be completed by employees who claim the Earned Income Credit (EIC). SHARP will delete existing EIC and withholding tax exempt status information at calendar year-end.

Copies of W-4's should be forwarded to the Division of Accounts and Reports, Payroll Services when the employee 1) claims more than 10 withholding allowances or 2) claims exemption from withholding and his or her wages would normally be \$200 or more per week (\$400 or more bi-weekly).

Adjustments for prior periods use the tax data effective as of the CHECK DATE for the off-cycle payroll period in which the adjustment is processed. Therefore, if a change is made to the employee's tax data record after the original paycheck has been confirmed and the agency later processes an adjustment to that paycheck record, the adjustment will be calculated based on the most current tax data information. In order for the adjustment to be calculated using the same tax data information that was used on the original paycheck, the agency must

update the employee's tax data information to reflect the original tax data prior to processing the adjustment. After the adjustment has been processed, the agency should then change the employee's tax data information to reflect the employee's current W-4 withholding status.

- **MANUAL CHECKS** - Manual checks are entered only by Accounts and Reports Payroll Section and are necessary to record a paycheck which was initially created outside of the SHARP system or to record an adjustment check which is being reversed. An actual paycheck is NOT printed for manual paychecks. They will show as an 'M' on the KPAY002 (rather than 'A' for advice or 'C' for check). When accessing the paycheck data on-line, the list box shows a form id of 'blank' and the on-line paycheck states 'Manual Check' in the upper left-hand corner of the panel.
- **SUPPLEMENTAL FORM HINT**- When completing the DA-187 form, the on-line paycheck record from the employee's previous paycheck can be used to obtain the correct benefit plan/deduction codes.
- **DEDUCTIONS NOT TAKEN** - If the employee's net pay appears to be sufficient to take deductions that were made 'Not Taken', the employee's arrears balance should be checked to see if it was large enough to make the other deductions not taken. Currently, the ADJUST (arrearage) deduction code does not show as 'Not Taken' on the paycheck record like the other deductions. If the arrears balance is so large that other deductions are being prevented from being taken, either a personal reimbursement should be collected from the employee or an arrears payback schedule should be submitted to Payroll Services in the Division of Accounts and Reports to collect the balance in payments.
- **DIRECT DEPOSIT PRENOTIFICATION**- The pre-notification file is created after payroll is confirmed for the pay period (i.e., week-end preceding pay day) and will include all records in which the pre-note required flag is 'Y', pre-note status is 'N' (not submitted) and the direct deposit record has an effective date which is less than or equal to the payroll period ending date for the payroll period being processed. (For example, the payroll for pay period ending 9/21/96 is confirmed the night of 9/27/96. The pre-note file created after confirm will look for direct deposit records effective dated 9/21/96 or prior. If the pre-note is successful, the direct deposit would begin with payroll period ending 10/5/96, paycheck dated 10/18/96.)
- **EXEMPT EMPLOYEES** - If a job or position change resulting in a pay rate change for an employee is not entered prior to paysheet creation (Tuesday night after the payroll period end date), the agency should NOT enter the update until the following Monday. The 'OK to process' on the on-cycle paycheck can be 'turned off' and a supplemental processed on Monday or, if the on-cycle processes, a paycheck adjustment can be requested on Monday.
- **ARREARAGE COLLECTIONS** - When adjustments are processed that create arrearage balances, the next on-cycle payroll calculation will attempt to take the entire arrears balance. If the employee has paid the arrearage by personal reimbursement, Accounts and Reports,

Payroll Services must receive notification of the collection prior to final pay calculation for the cycle in order to override the collection on the paycheck. If the balance is to be collected over multiple paychecks, the DA-179 Arrears Payback Schedule should be submitted to Accounts and Reports, Payroll Services on or before the last day of the payroll period for the next on-cycle payroll to be calculated. The agencies should verify the KPAY002-Payroll Register after each preliminary pay calculation to verify all ADJUST deductions are correct.

- **EMPLOYER CONTRIBUTIONS** - Agencies must enter the appropriate general deduction data in order for state leave assessment (STLEAV), workers compensation insurance (WCI), and group term life insurance (GTL...) to be calculated. These deductions were converted to SHARP for existing employees, but the deduction code should be entered by the agency for all new hires/transfers since implementation. The 'GTL' code should also be verified when an employee transfers from another agency to make sure it still corresponds to the employee's KPERS coverage. (i.e., the KPERS deduction code 'RETREG' should have a corresponding 'GTLREG' code).
- **PAYCHECK REPRINT** - When an agency requests a paycheck reprint, the paycheck data for the reprint will have the same name and address as the original paycheck. The only item that should change from the original check is the paycheck number and date. As with all other paychecks, reprints will be centrally mailed.
- **SUPPLEMENTAL/ADJUSTMENT REQUESTS** - The agency should NEVER enter a supplemental run control for an employee and simultaneously either enter a paycheck adjustment run control or submit a paycheck adjustment form to Accounts and Reports Payroll Section for the same employee and payroll period ending date. The supplemental process will ALWAYS create a payment to the employee for the entire amount that the employee should have been paid for the period. If the agency cannot cancel the mainline payroll for the employee or turn off the 'OK to process', they should NOT request a supplemental. In this case, a paycheck adjustment would need to be processed.
- **PRELIMINARY PAY CALCULATIONS** - It is extremely important for agencies to review the payroll information after *each* preliminary pay calculation. The review should include all gross-to-net payroll information *as well as employer contributions*. The KPAY002 report can be used to verify employee gross-to-net information. SHARP on-line agencies can view employer contributions by accessing the employee's paycheck deduction information for the period. Employer contributions have a deduction class of 'N' (non-taxable benefit). The Division of Accounts and Reports, Payroll Services section has developed standard queries which are generated after each on-cycle preliminary and final pay calculation to identify employees who do not have employer contributions for workers compensation insurance, state leave assessment, and employer provided group term life insurance. Each agency, regardless of whether they are a paper or on-line user, will be notified of the employees in their agency who do not have one or more of these employer contributions. To eliminate the need for a paycheck adjustment, agencies should take prompt

action to establish the employer contribution prior to the final pay calculation for the period. In addition, agencies should develop a process for reviewing the pay calculation results and all reports (taking special note of the employees on the Deductions Not Taken Report and Employees Not Processed Report) prior to pay confirmation rather than waiting on the employee to notify them of a problem after the employee receives their advise/stub. The majority of payroll adjustments could be avoided if this is done consistently.

JJM:LK:sj