Background

• Guidance is provided through Administrative Regulations, HR Policies and within SAP training materials for specific processes
• Lacks the ‘why’
• Created new Payroll section of the business procedure manual
New BPM’s

- E-8-3 Beneficiary Payments
- E-8-4 Cost Distribution Methods
- E-8-5 Direct Deposit
- E-8-6 Wage Garnishments
- E-8-7 Lost/Stolen Checks Stop Payment Request
- E-8-8 Name and Social Security Changes
- E-8-9 Payroll Distribution
New BPM’s

• E-8-10  Pay Periods, Pay Dates and Processing Schedules
• E-8-11  Missed Pay Request
• E-8-12 Payroll Overpayments
• E-8-13  Taxable Fringe Benefits
• E-8-14 Addresses and Taxation (in process)
• E-8-15 Non-Resident Taxation (in process)
Primary Focus to Units

• **E-8-4 Cost Distribution Methods**
  – Important to understand hierarchy
  – Position Level: each position maintains a default cost distribution (Infotype 1018).
  – Overriding Cost Distributions:
    • Infotype 0027 cost objects override the default cost distribution on Infotype 1018.
    • Infotype 9027 cost objects override Infotype 1018 and Infotype 0027 for employer paid benefits except FICA and Miscellaneous Fringe Benefits (MFB).
E- 8-4 Cost Distribution

• Time Records: cost objects on a time record (CAT2 or ESS timesheet) will override Infotype 1018 and Infotype 0027.
  – FICA and benefit costs do not follow the CAT2 or ESS timesheet, therefore;
  – Must be moved by Z4 Journal Voucher.

• Recurring / One Time Payments (Infotypes 0014 / 0015): cost objects can be entered on payments and will override Infotype 1018 and Infotype 0027.
  – Retro payment cost objects will accurately allocate the payment but not the FICA taxes.
E-8-4 Cost Distribution

– Payroll Pre-Process Program
  • Identifies invalid cost objects used during the biweekly or monthly payroll process.
  • Invalid cost objects are replaced with the cost distribution associated with the position (Infotype 1018).

– Payroll Tool
  • SPINIFEX Reporting
  • Transaction code: /n/spin/er
  • Payroll Preliminary Posting Report: may be utilized to review employee cost distributions during the monthly or biweekly payroll process.
    – Verify changes to employee cost distribution
    – Make corrections prior to payroll final
E-8-10 Pay Periods, Pay Dates and Processing Schedules

– Important to understand and adhere to published schedule.
– Schedules published in September annually.
– Payroll Processing Schedule
  • Biweekly and monthly payroll processing will begin on Thursday with the final on Monday.
  • Exceptions may occur due to university or bank holidays.
  • Verify employee pay during payroll processing prior to the final utilizing Spinifex reports.
  • Adherence to scheduled deadlines ensure employees are paid.
E-8-10 Pay Periods, Pay Dates and Processing Schedules

— Ecrt Payroll Confirmation Schedule

• Off-cycle payroll processing will occur to allow departments to process cost distribution changes for monthly payroll area employees.

• Only individuals identified in the ecrt system will be run through the off-cycle process.

  — Must contain checkmark indicator in the revised payroll column on payroll confirmation statements listed in revision requested status.

• Only individuals who have a zero net pay will be allowed to process.
- Earliest Retro Date Schedule
  - Earliest Retro Date: field set on each employee’s Infotype 0003 beyond which a payroll adjustment record cannot be updated.
  - Denotes when the payroll earliest retro date on employee’s Infotype 0003 will be updated.
  - Ensure all pay and cost distribution corrections are complete prior to earliest retro date being set.
E-8-10 Pay Periods, Pay Dates and Processing Schedules

• Corrections prior to the earliest retro date processes:
  – Pay corrections: require form Retroactive Payroll Adjustment Request be completed and submitted to payexcept@uky.edu.
  – Cost distribution corrections: require document type Z4 JV be completed and submitted.
    » Accounting and Financial Reporting Services: cost centers only or cost centers and grants combined.
    » Research Financial Services: grants only.
Importance of identifying and reporting employee taxable fringe benefits.

IRS requires fringe benefits be taxed and included as wages on an employee’s W-2.

Definition: form of pay, including property, services, cash or cash equivalent, in addition to stated pay for the performance of services.

- Benefit based on employer-employee relationship.

Contact Payroll Services Director or Assistant Director for fringe benefit assistance.
E-8-13 Taxable Fringe Benefits

– Taxable Benefit Examples
  • Award/Prize
    – United Way
    – Employee Appreciation
  • Wellness
  • Tuition-graduate level
  • Housing
  • Athletic tickets

– Forms
  • Taxable Fringe Benefit (general use)
E-8-13 Taxable Fringe Benefits

- Automobile Inclusion: taxability of personal versus business use of car based on mileage or lease value.
- Athletic Tickets: taxability of personal versus business use based on ticket value.
- Club Dues: taxability of personal versus business use based on membership cost.
  - Department is responsible for reporting taxable benefits to Payroll Services.
  - Paper form (UFS website)
    - Department complete Event Information section
E-8-13 Taxable Fringe Benefits

– Employee to complete Recipient Information section

• File load
  – Used to report large population of employee taxable benefits.
  – Payroll Services to provide excel file layout for completion by the department.

• Taxable benefits are processed for inclusion in the employee’s gross pay on the next payroll cycle.
E-8-14 Address & Taxation

– Multistate taxation project
– History: current electronic age can allow some employees the flexibility to work from their home or an alternate work location outside of Kentucky.
– Objective: accurate employee work and home address data in HR/Payroll System for tax compliance.
  • Identify employees who work outside of Kentucky.
  • Employment Tax compliance with state and local jurisdictions where U.K. employees work.
  • Better customer service to our employees.
E-8-14 Address & Taxation

— Process

• Project announcement
• Partner with employees, departments and supervisors to capture employee home and address data.
• Based on findings:
  — Configure HR/Payroll System for tax withholding of identified state and local jurisdictions
  — Setup employment tax accounts with state and local jurisdictions.
• Collect employee tax forms.
QUESTIONS AND ANSWERS