



PAYROLL GUIDANCE

**HAND IN HAND WE LEARN
APRIL 12 , 2018**



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.



E-8-10 Pay Periods, Pay Dates and Processing Schedules

– 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.



E-8-13 Taxable Fringe Benefits

- 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 ?

QUESTIONS AND ANSWERS

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