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POLICIES RELATED TO PAYROLL ADMINISTRATION

POLICY NO.:	III-001
SUBJECT:	Introduction to Payroll Policies
SOURCE:	Business Services
DATE ISSUED:	April 30, 2002
DATE REVISED:	N/A
RATIONALE:	To provide information on payroll policies.
POLICY:	<p>The policies and procedures contained in this manual reflect the requirements of the College, state and federal statutes and good business practices. The Director of Accounting and Treasury and Payroll staff are responsible for their interpretation and administration.</p> <p>These guidelines cover most, but not all, cases involving payroll policies for the College. For further assistance, users should contact Payroll at 651-696-6561.</p> <p>The College reserves the right to add, amend, or revoke any of the contained rules, policies, regulations, and instructions or incorporate additional ones as circumstances may require.</p>
PROCEDURE REFERENCE:	Business Services will document all procedures
RESPONSIBLE ORGANIZATION:	Business Services - Payroll

POLICIES RELATED TO PAYROLL ADMINISTRATION

POLICY NO.: III-005

SUBJECT: Time Reporting for Fair Labor Standards Act (FLSA) Covered Employees

SOURCE: Federal Wage and Hour Law

DATE ISSUED: April 30, 2002

DATE REVISED: N/A

RATIONALE: To account for the recording of hours worked, benefit hours, absent hours and minimum wage requirements.

POLICY: FLSA covered employees (nonexempt biweekly paid staff) shall record hours worked each week by completing a time card or turning in a time sheet. Nonexempt biweekly paid staff shall also record the use of benefit hours used and all absent hours, whether with or without the accrual of benefit hours. Time sheets and time cards must be signed by the employee and approved and signed by a supervisor having direct knowledge of the work of the employee.

PROCEDURE

REFERENCE: Procedures on how to complete a timecard are included in the Human Resource Staff Handbook which is available at www.macalester.edu/hr/handbook.

RESPONSIBLE ORGANIZATION: Business Services - Payroll

POLICIES RELATED TO PAYROLL ADMINISTRATION

POLICY NO.:	III-010
SUBJECT:	Payroll Record Retention
SOURCE:	IRS Regulation, MN Department of Labor, FLSA, FMLA
DATE ISSUED:	April 30, 2002
DATE REVISED:	N/A
RATIONALE:	To establish a policy reflecting federal and state requirements for retaining payroll information.
POLICY:	The Payroll Department shall maintain records for certain tax, payroll, deduction and reporting records. The period these records shall be retained follow federal and state requirements. Payroll shall retain some documents that are not prescribed by federal and state regulations for reference purposes only. Payroll will destroy records when the retention date is reached.
PROCEDURE	
REFERENCE:	See Macalester Payroll Department Records Retention Policies for Faculty, Staff and Student Workers located in the Payroll Department, 77 Macalester Street, Room 301 for a detailed listing of the records, type of information contained in these records and the length of retention.
RESPONSIBLE	
ORGANIZATION:	Business Services - Payroll

POLICIES RELATED TO PAYROLL ADMINISTRATION

POLICY NO.: III-020

SUBJECT: Direct Bank Deposit of Employee Wages

SOURCE: Office of the Vice President of Administration and Finance

DATE ISSUED: April 30, 2002

DATE REVISED: N/A

RATIONALE: To establish a policy to govern the administrative procedures relating to the direct bank deposit of employee wages.

POLICY: Macalester College shall provide the service of direct bank deposit of employee wages and salaries on a voluntary basis for all faculty and staff. It shall be the responsibility of each employee to complete the Authorization of Direct Deposit form and to give adequate notice for changes in or termination of the account information.

PROCEDURE REFERENCE: Authorization of Direct Deposit form and instructions for completing the form are available in the Payroll Department at 77 Macalester Street, Room 301.

RESPONSIBLE ORGANIZATION: Business Services - Payroll

POLICIES RELATED TO PAYROLL ADMINISTRATION

POLICY NO.:	III-030
SUBJECT:	Stop Payment and Reissue of College Payroll Checks
SOURCE:	Office of the Vice President of Administration and Finance
DATE ISSUED:	April 30, 2002
DATE REVISED:	N/A
RATIONALE:	To establish a procedure allowing for the reissue of payroll checks that are lost, stolen, or mutilated.
POLICY:	<p>College payroll checks that are lost, stolen or mutilated will be replaced by the Payroll Department. All payroll check related inquiries should be directed to the Payroll Department.</p> <p>Before reissuing a check, an effort should be made by both the employee and the Payroll Department to locate the missing check by contacting the employee's department, forwarding address on the check, and/or the Student Post Office (SPO).</p> <p>If the Payroll Department determines that the original payroll check is still outstanding, a stop payment request will be placed with the bank. A stop payment request requires 24 hours. Once the stop payment request is complete, a replacement check will be processed within 24 hours and available within 48 hours. The employee will be responsible for the stop payment fee if they are responsible for losing the check.</p>
DEFINITIONS:	<p>Outstanding Check. A check issued by the college that has not been cashed or canceled.</p> <p>Stop Payment Request. A directive given by the college to the bank on which a particular check is written that calls for the bank not to honor the check when it is presented for payment.</p>
PROCEDURE	
REFERENCE:	A Stop Payment Information form is completed by the Payroll Department upon confirmation from the bank that the check has not cleared. A replacement check is produced by the Payroll Department.
RESPONSIBLE	
ORGANIZATION:	Business Services - Payroll

POLICIES RELATED TO PAYROLL ADMINISTRATION

POLICY NO.:	III-040
SUBJECT:	Payroll Check Distribution
SOURCE:	Office of the Vice President of Administration and Finance
DATE ISSUED:	April 30, 2002
DATE REVISED:	N/A
RATIONALE:	To provide a policy governing the distribution of payroll checks that are due and payable to employees.
POLICY:	<p>All wages and salaries due to employees for services performed or for benefits used shall be distributed to such employees either by direct bank deposit or by written check on such payday as authorized for payment by the Payroll Department.</p> <p>Payroll checks that have been processed and printed will be delivered on the pay date. Faculty and staff paychecks are sent to the employee's department. Student paychecks are delivered to the Student Post Office (SPO). Checks that are not deliverable using the above mentioned delivery methods are held in the Payroll Department for an employee to pick up or to give other delivery instructions.</p> <p>Manual checks may be prepared in cases where the Payroll Department or the Human Resources Department makes an error in processing the pay or omits the employee from the payroll. Manual checks are available 24 hours after they are processed. Either the Director of Accounting and Treasury or the Director of Budget and Finance must approve manual checks.</p>
RESPONSIBLE ORGANIZATION:	Business Services - Payroll

POLICIES RELATED TO PAYROLL ADMINISTRATION

POLICY NO.:	III-050
SUBJECT:	Establishment of Payroll Schedules
SOURCE:	Office of the Vice President of Administration and Finance
DATE ISSUED:	April 30, 2002
DATE REVISED:	N/A
RATIONALE:	To establish responsibility for the development of payroll schedules.
POLICY:	The Payroll Manager is responsible for establishing faculty and staff payroll schedules, including pay dates. The Financial Aid Department and the Director of Budget and Finance establish the student payroll schedule with approval from the Payroll Manager. The Internal Revenue Service requires that an employee's W2 is due to them by January 31.
PROCEDURE REFERENCE:	Official pay dates will be determined as follows: NonExempt Staff (paid an hourly wage) are paid every other Friday for the two-week period ending the previous Saturday. A payroll period is two consecutive weeks--Sunday through Saturday. If a pay date falls on a holiday the date of pay is moved backward one day. Exempt Staff (salaried) are paid on the last working day of the month. The payroll period runs from the first of the month to the last day of the month. Academic Year Student Workers are paid on the 15 th of every month. If the 15 th falls on a weekend or holiday the pay date is moved forward to the next working day. The payroll period runs from the 1 st of the month through the end of the month. Summer Student Workers are paid every other Friday for the two-week period ending the previous Saturday. A payroll period is two consecutive weeks--Sunday through Saturday.
RESPONSIBLE ORGANIZATION:	Business Services - Payroll

POLICIES RELATED TO PAYROLL ADMINISTRATION

POLICY NO.:	III-060
SUBJECT:	Off-Campus Work-Study Payroll
SOURCE:	Office of the Vice President of Administration and Finance, Federal Requirements, Financial Aid Office, Community Service Office
DATE ISSUED:	April 30, 2002
DATE REVISED:	N/A
RATIONALE:	To establish guidelines for the administration of off-campus work- study payroll and the maintenance of fund accounts to cover the agency share of wages.
POLICY:	Off-campus work-study agencies shall adhere to procedures established by the Business Services Department in matters pertaining to the reporting of time worked. These agencies shall also adhere to procedures established by the Financial Aid Office in maintaining deposits with Macalester College sufficient to cover the agency's share of work-study wages.
DEFINITIONS:	A college work-study recipient is a student who meets the federal college work-study program requirements and is awarded an allotment of college work-study by the Financial Aid Office to subsidize school expenses.
PROCEDURE	
REFERENCE:	Time sheets. All agencies will forward time sheets to the Community Service Office for signature. The Community Service Office will forward all completed time sheets to the Payroll Department by the 4 th of the month following the end of the pay period for persons to be paid. Refer to the Off-Campus Work Program section of the Student Employment Handbook (available in the Financial Aid Office) for policies regarding where students may participate in the Off- Campus Work Program and for what period of time.
RESPONSIBLE	
ORGANIZATION:	Business Services - Payroll

POLICIES RELATED TO PAYROLL ADMINISTRATION

- POLICY NO.:** III-070
- SUBJECT:** Supplemental Payments for Services Provided Outside the Normal Scope of Employment
- SOURCE:** Office of the Vice President of Administration and Finance, Internal Revenue Code and Regulations, Fair Labor Standards Act, Minnesota Code
- DATE ISSUED:** April 30, 2002
- DATE REVISED:** N/A
- RATIONALE:** To designate payment methods for services that employees provide to the college that are outside the normal scope of their employment, and to assist in avoiding any appearances of conflict of interest with respect to employment status.
- POLICY:** In general, all payments for the compensation of services that are made to college employees will be treated as employee wages. This includes both amounts of base pay, as well as supplemental payments of compensation made to college employees for services that they provide to the college that are outside the normal scope of their employee appointment.
- Independent Contractors.** In order to comply with Internal Revenue Service Regulations and the Fair Labor Standards Act (FLSA), it is the policy of Macalester College to properly classify individuals as employees or non-employee independent contractors. In general, if at any time a person is considered a Macalester employee, they must be paid as an employee for any activity, unless they can be seen as “doing business as” another legal entity. If Macalester normally pays an employee to work or for services rendered, anyone who substitutes for that employee is also an employee, unless they can be seen as “doing business as” another legal entity. The Director of Budgeting and Finance is authorized to determine how any individual is to be treated under this policy to comply with relevant laws.
- PROCEDURE**
- REFERENCE:** FLSA-Covered Employees (staff appointed and paid on an hourly basis)
1. **Overtime.** Overtime hours worked in an employee’s department or in a secondary department are to be

compensated for at time and one-half rate, using the payroll time card. If the overtime hours are worked in a department other than where the employee is normally employed, this information should be provided on the payroll time card in the “other than regular department account number” section.

2. **Additional Pay.** If an employee is to be paid additional pay in a department other than where the employee is normally employed and the employment contract states that the payment is to be a flat amount based on the completion of a task(s), the employee is to be paid through the Employment Status Form available in the Human Resources Employee Handbook.

FLSA-Exempt Employees. Additional services of a temporary nature provided by FLSA-exempt employees are to be compensated by using the Employment Status Form available in the Human Resources Employee Handbook.

Independent Contractors are engaged through the College’s “Purchase Requisition” process (see RPA Administration Policy VI-052).

CROSS

REFERENCE:

See RPA Administration Policy IV-052: Independent Contractor Definition and Guidelines; Payroll Administration Policy III-090: Payroll Tax Withholding; and the Human Resources Employee Handbook available at www.macalester.edu/hr/handbook.

RESPONSIBLE

ORGANIZATION: Business Services - Payroll

POLICIES RELATED TO PAYROLL ADMINISTRATION

POLICY NO.: III-080

SUBJECT: Payment for Services/Employment Provided by Non-Resident Aliens

SOURCE:

DATE ISSUED: [Pending]

DATE REVISED: N/A

RATIONALE:

POLICY:

PROCEDURE

REFERENCE:

RESPONSIBLE

ORGANIZATION: Business Services - Payroll

POLICIES RELATED TO PAYROLL ADMINISTRATION

- POLICY NO.:** III-090
- SUBJECT:** Payroll Tax Withholding
- SOURCE:** Office of the Vice President of Administration and Finance, Internal Revenue Service, Minnesota Department of Revenue, Social Security Administration, Immigration & Naturalization Service
- DATE ISSUED:** April 30, 2002
- DATE REVISED:** N/A
- RATIONALE:** Macalester College is required to withhold federal and state taxes from employee wages using pre-defined withholding tables and tax rates mandated by the various governmental units noted above. This policy is presented to communicate the laws and regulations regarding the withholding of taxes from employee wages for the purposes of both informing employees, and providing adequate information for departments for budgeting purposes.
- POLICY:** Macalester College shall withhold required taxes from employee regular wages in accordance with the provisions of federal and state regulations. Withholding of taxes will be subject to the special provisions outlined below:
- Non-Wage Items.** There are certain items of non-wage compensation that are defined as taxable income under current tax laws and regulations. These include the value of employer provided automobiles, housing allowances, moving expenses and certain other personal expenses that are paid for the employee's benefit. The fair market value of any non-wage compensation, as defined by IRS valuation methods, will be added to the employee's gross wages, and tax will be withheld accordingly.
- Social Security.** All employees of Macalester College are subject to social security tax withholding, based on the earning levels and tax rates prescribed by the IRS. Two categories of employees are exempt from social security tax withholding: students being paid during the academic year, and nonresident aliens who hold F-1 or J-1 visas.
- Supplemental Pay.** Supplemental pay is a payment to an employee that is not part of their ordinary pay. All supplemental payments that are not combined with a regular wage payment and

are not related to the current pay period will be subject to a flat rate of tax withholding as provided by the Internal Revenue Service and the Minnesota Department of Revenue. Supplemental payments may include retroactive pay, contingency pay, awards, severance or dismissal pay and other irregular payments. Refer to Payroll Administration Policy III 070: Supplemental Payment for Services Provided Outside the Normal Scope of Employment.

RESPONSIBLE

ORGANIZATION: Business Services - Payroll

POLICIES RELATED TO PAYROLL ADMINISTRATION

POLICY NO.:	III-100
SUBJECT:	Calculation of Partial Pay
SOURCE:	Office of the Vice President of Administration and Finance
DATE ISSUED:	April 30, 2002
DATE REVISED:	N/A
RATIONALE:	To establish a consistent method for the calculation of partial pay.
POLICY:	<p>The calculation of partial pay will be in accordance with the following:</p> <p>Biweekly employees. The gross partial pay amount will be the number of hours worked, or benefit hours used in each pay period multiplied by the authorized hourly rate.</p> <p>Monthly staff. A daily rate is used when an employee begins work after the first day of the month, when death or resignation occurs before the end of the month, or when there is a change in the pay rate other than on the first day of the month. No partial pay calculation is made when a change in pay rate occurs on the first day of the month.</p> <p>Monthly staff paid over twelve months. A daily rate will be determined by dividing the monthly salary rate by the number of workdays in the month (including holidays). The daily rate is multiplied by the number of days actually worked in the month to obtain the partial pay amount for that month.</p> <p>Monthly staff paid over less than twelve months. A daily rate will be calculated. The daily rate is multiplied by the number of days actually worked in the month to obtain the partial pay amount for that month.</p>
RESPONSIBLE ORGANIZATION:	Business Services - Payroll

POLICIES RELATED TO PAYROLL ADMINISTRATION

POLICY NO.: III-110

SUBJECT: Refunds of Employee Payroll Deductions

SOURCE: Office of the Vice President of Administration and Finance

DATE ISSUED: April 30, 2002

DATE REVISED: N/A

RATIONALE: To establish guidelines for making refunds of employee payroll deductions.

POLICY: Refunds of voluntary payroll deductions will be made to employees when it is determined that such deductions were made in error.

PROCEDURE

REFERENCE: Refunds will be added to the net pay of the next payroll check to be issued to the employee. Any payroll deductions already committed to the purchase of US Savings Bonds cannot be refunded.

Refunds of required taxes and social security deductions cannot be made except as provided for in federal and state regulations.

RESPONSIBLE

ORGANIZATION: Business Services - Payroll

POLICIES RELATED TO PAYROLL ADMINISTRATION

- POLICY NO.:** III-120
- SUBJECT:** Garnishments and Levies
- SOURCE:** Office of the Vice President of Administration and Finance,
Minnesota Statutes and Internal Revenue Service
- DATE ISSUED:** April 30, 2002
- DATE REVISED:** N/A
- RATIONALE:** To state Macalester College's intention to comply with federal and state law in the matter of wage garnishments and wage assignments.
- POLICY:** Macalester College will honor all court orders to garnishee employee wages. All orders for wage assignment for child support will be honored, as well as all levies on wages originating from the Internal Revenue Service. In cases of multiple wage assignments, priority for honoring them will be in the following order:
1. **Bankruptcy court order.** A bankruptcy court order will generally provide for an existing child support order as long as it was part of the bankruptcy filing.
 2. **Federal levies** (unless child support order existed prior to the federal tax levy). If several tax levies apply and there is insufficient revenue to pay the total levy, the levies are processed in the order received.
 3. **State levies** (unless child support order existed prior to the state tax levy). If several tax levies apply and there is insufficient revenue to pay the total levy, the levies are processed in the order received.
 4. **Child support.** If two or more child support orders are received for a single employee a pro rata allocation will be done between the two orders.
 5. **Creditor garnishments.**
- Remittances will be made of monies collected, and the college will maintain confidential files, which contain all court orders, IRS levies, monies collected, and any other pertinent information concerning affected employees.

RESPONSIBLE

ORGANIZATION: Business Services - Payroll

POLICIES RELATED TO PAYROLL ADMINISTRATION

- POLICY NO.:** III-130
- SUBJECT:** Release of Payroll Information
- SOURCE:** Office of the Vice President of Administration and Finance,
Minnesota Statute Chapter 13
- DATE ISSUED:** April 30, 2002
- DATE REVISED:** N/A
- RATIONALE:** To establish guidelines for access to information contained in the payroll files.
- POLICY:** The following rules will govern the release of information, by type, to the public and to Macalester College departments.
1. **Telephone inquiries** should be sent to the Human Resources Department.
 2. **Employment Verifications** should be referred to the Human Resources Department.
 3. **Written inquiries or walk-in traffic.** The following information may be released:
 - a. The period of employment.
 - b. The type of employment, whether part-time or appointed.
 - c. The department in which the employee works.
 - d. Current title, business address, and business telephone number of the employee.
 - e. Whether a person is an employee of the college.
- Note:** Other information regarding taxes, contributions to retirement plans, and payroll deductions can only be released if the written request has been authorized by the employee in writing, by court order, or if the inquiry is being made by TIAA-CREF (Teacher's Insurance & Annuity Association-College Retirement Equity Fund), The Vanguard Group, Central Pension Fund, or a federal or state agency.

4. **Requests for Budget Information.** Questions about budget information should be directed to the Director of Budget and Finance.

Inquiries from a department's budget report on a pay type can be answered by the Payroll Department.

5. **Requests for access to computer information.** All requests for access to information stored on the CARS System files must be reviewed and approved by the Colleges Computing and Information Technology Department, the Director of Accounting and Treasury and the Manager of the Payroll Department. Access to the payroll screens will be limited to the administrative departments who need to have access to the information on a daily basis.

RESPONSIBLE

ORGANIZATION: Business Services - Payroll

POLICIES RELATED TO PAYROLL ADMINISTRATION

POLICY NO.: III-140

SUBJECT: Messages on Payroll Checks

SOURCE: Office of the Vice President of Administration and Finance

DATE ISSUED: April 30, 2002

DATE REVISED: N/A

RATIONALE: To establish a policy for the attachment of messages to the payroll checks.

POLICY: No attachments to or inclusions with payroll checks will be distributed with individual checks without the approval of the Payroll Department.

PROCEDURE

REFERENCE: The Director of Accounting & Treasury or the Payroll Manager must approve requests for message attachments.

RESPONSIBLE

ORGANIZATION: Business Services - Payroll

POLICIES RELATED TO PAYROLL ADMINISTRATION

POLICY NO.: III-150

SUBJECT: Disposition of Final Pay for Deceased Employees

SOURCE: Office of the Vice President of Administration and Finance

DATE ISSUED: April 30, 2002

DATE REVISED: N/A

RATIONALE: To establish a procedure for the disposition of final and terminal pay for deceased employees.

POLICY: Any payroll check which includes final and/or terminal pay for a deceased employee will be made payable to the employee.

Release of a final check to other than a spouse should be to a court ordered executor or administrator of the estate.

PROCEDURE

REFERENCE: The Human Resource Department will be consulted in questionable cases.

RESPONSIBLE

ORGANIZATION: Business Services - Payroll

POLICIES RELATED TO PAYROLL ADMINISTRATION

POLICY NO.: III-170

SUBJECT: Social Security and Medicare Covered Positions

SOURCE:

DATE ISSUED: [pending]

DATE REVISED: N/A

RATIONALE:

POLICY:

RESPONSIBLE

ORGANIZATION: Business Services - Payroll

POLICIES RELATED TO PAYROLL ADMINISTRATION

- POLICY NO.:** III-190
- SUBJECT:** Fringe Benefit Billing
- SOURCE:** Staff Handbook, Office of the Vice President of Administration and Finance
- DATE ISSUED:** April 30, 2002
- DATE REVISED:** N/A
- RATIONALE:** To describe the mechanism by which different types of benefit program billing gets processed.
- POLICY:** The Payroll Department and the Human Resource Department is responsible for the processing and payment of certain benefits to the appropriate agencies or entities.
- DEFINITIONS:** **Benefits types:** (1) basic fringe rate, which covers the college cost of basic life and long term disability insurance; (2) unemployment compensation; (3) worker's compensation; (4) miscellaneous administrative benefit; (5) the college cost of Medicare and Social Security up to and including the Internal Revenue Service limits; (6) the college cost of employee(s), spouse, and child health care coverage; and (7) the cost of the Regular Retirement Plan.
- PROCEDURE**
- REFERENCE:** **Basic Rate** covers all positions regardless of FTE (full-time equivalent). Positions and payments not covered are student-appointed positions and supplemental payments, contingency pay and overtime pay. Basic life insurance applies only to .50 FTE or greater. Long-term disability insurance applies only to .75 FTE or greater.
- FICA and Medicare Rates** are charged to all positions except students paid during the academic year and non-resident aliens on J-1 or F-1 visas.
- Health Insurance Coverage.** The college and the employee share the cost of the coverage for the employee and dependents.
- Regular Retirement Plan.** The college contributes 10% of salary after one year of employment (at least 1,000 hours) and age 25 for employees with an FTE of .50 or greater. If entering plan directly from another college/university, within six months, the service requirement is waived.

CROSS

REFERENCE: See Payment for Services/Employment Provided by Non-Resident Aliens Policy III-080 [pending], and Payroll Tax Withholding Policy III-090.

RESPONSIBLE

ORGANIZATION: Business Services - Payroll

