

**TITLE: PAYROLL - GENERAL**

POLICY NO: PA100

SUBMITTED BY: Danielle Jones

APPROVED BY: Howard Merlin

EFFECTIVE DATE: 1/2/07

**I. SCOPE**

Payroll Department, General Ledger, All Monthly, Bi-Weekly, Student and Manual Pay

**II. PREAMBLE**

The Payroll Department is a service unit of the Business Office. The primary goal of the Payroll Department is to ensure all University employees have been properly paid for hours worked and that all applicable deductions and related filings have been properly recorded in accordance with accounting principles generally accepted in the United States and all withholdings due and reports are accurately remitted to the appropriate agencies in a timely manner.

**III. PURPOSE**

To establish and provide guidelines for the processing of payroll for all Monthly, Bi-weekly, Student and Manual Pay.

To ensure that all disbursement are made in compliance with the University and external rules and regulations and are recorded in accordance with accounting principles generally accepted in the United States.

**IV. POLICY**

The Payroll department will process payroll in accordance with the approved payroll schedule, issued annually at the beginning of the calendar year.

The Payroll Supervisor or appointed designee will reconcile all payroll registers by the 3<sup>rd</sup> business day of each month to the general ledger to ensure proper reporting and posting.

On a monthly basis, the general ledger accountant will reconcile the payroll bank account and investigate and resolve and/or justify any differences.

All monthly, quarterly and annual reporting must be completed and submitted in accordance within the guidelines established by the regulating agencies (i.e., 940's are due by January 31<sup>st</sup> following a calendar year, 941's are due by the last day of the month following the end of a quarter – 1<sup>st</sup> quarter Jan – March due by April 31<sup>st</sup>, etc.) and will be reconciled to the general ledger by the Payroll Supervisor or appointed designee by such date.

## **V. PROCEDURE**

In accordance with the payroll schedule, the payroll department will create payroll records based on times sheets/reports received from all University employees. Once all information has been entered and/or verified (depending on employee type), payroll can be processed.

Immediately following the processing of each payroll, a payroll register will be generated. The register will report all gross wages, deductions and net pay. The payroll register will be reviewed by the Payroll Supervisor and signed-off to indicate that the register has been reviewed for accuracy, reasonableness and completeness. Once approved by the Supervisor, the report will be given to the Controller and/or Vice President or appointed designee to review the distribution for reasonableness and sign-off.

Once the payroll register has been approved and signed-off by the appropriate individuals, a copy will be given to the general ledger accountant. The general ledger accountant will use the register as an aid in the monthly reconciliation process.

Note: The distribution sign off will become the official record of authorization to disburse funds and will be maintained by the Business Office Secretary.

All payroll and related disbursements (withholdings) will be paid out of the Lincoln University Payroll Account. The Payroll Account is a \$0 balance account. As a result, as activity posts to the Payroll Account, the financial institution will automatically transfer funds from the General Operating Account to the Payroll Account. Therefore, no transfer will need to be done by the general ledger account. Upon completion, the reconciliation of the payroll account will be forwarded to the Controller for review.

The Payroll Supervisor will report all deductions to the appropriate agencies. All ACH Debits must be done in accordance with the withholding remittance schedule. The approved register summary will be used to create and notify the agencies. A print out of the debit advice must be sent to the Business Office Secretary for reconciliation to the payroll register. Once the advice has been reconciled, the secretary will sign-off and indicate the date completed.

Any discrepancies will be researched and resolved immediately.

Note: Check request payments to reporting agencies are to be avoided whenever possible.