

**SUBJECT: PAYROLL PROCEDURES**

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**I. PURPOSE:** To provide Departments with basic guidance for general payroll procedures and submission requirements and the Comptroller's Administrative rules about payroll and employee benefits. (NOTE: Also refer to: HR Policies and Union Contracts)

**II. POLICY:** The County Comptroller Office is responsible for the preparation of the Storey County payroll and for compliance with all rules and regulations pertaining to and/or resulting from payroll operations which include the following activities:

- Making accurate and timely payments to all persons on the county payroll;
- Making all statutory/federal deductions and verifying that all required reporting procedures are followed in connection with statutory/federal deductions;
- Making all non-statutory deductions and/or reductions and verifying that all record keeping and reporting procedures are followed;
- Maintaining compliance with applicable provisions contained in County Collective Bargaining Agreements approved by the Board of County Commissioners;
- Maintaining records and reports required by the County, State and Federal Government agencies pertaining to personnel paid through the payroll system;
- Audit all department payroll records for unauthorized or undocumented leave of absences.

**A. Payroll Changes:**

1. All pay requests, any permanent regularly scheduled changes, address changes, or insurance changes that will change an employee rate of pay must be approved and submitted to the Comptroller Office by Personnel Director and/or Administrative Officer.

2. All mandated and voluntary deductions see Section B.

3. Documents must be received from the Personnel Director and/or Administrative Officer by the Comptroller Office not later than the seventh day before the bi-weekly pay period ends. If not received within the seven (7) day time frame, payroll change will go into effect the following pay period.

**B. Payroll Deductions and Reductions:**

Payroll deductions or reductions are amounts withheld from an employee's wages. Reductions affect gross income, deductions do not. Deductions are

classified as mandatory or voluntary. All deductions must be authorized by statute or other legal authority.

a) **Mandatory Deductions:** Mandatory payroll deductions are mandated by statute and can either be pre or post tax deductions. Mandatory deductions include federal taxes, retirement contributions and wage garnishments.

b) **Voluntary Deductions:** Voluntary deductions are payroll deductions that an employee can authorize to be taken from their net pay and have it paid directly to a vendor authorized by the Personnel Director and/or Administrative Officer. All **voluntary vendors** must be pre-approved by the Personnel Director and/or Administrative Officer and then forwarded to the Comptroller.

- Voluntary payroll deductions are for programs that are legislatively authorized as a program in which the County fiduciary responsibility is limited solely to ensuring that the employee's requested deduction is disbursed to the designated authorized vendor.
- Voluntary Health insurance upgrades and/or added cost for Dependent coverage programs and the monthly premiums shall be authorized by the employee and approved by the County Personnel Director and/or Administrative Officer.

c) **Employee Responsibilities:** the employee is solely responsible for:

- Providing the Comptroller Office with the necessary authorization when starting or changing a payroll deduction.
- Providing the Comptroller Office with the necessary discontinuation form when ending a payroll deduction.
- Knowing what type of policy/account they have, who their authorized vendor is, what their policy/account contains, and the amount they have authorized to be deducted through the payroll system.

d) **The Comptroller Payroll Department is solely responsible for:**

- Verifying, entering or discontinuing an employee's voluntary payroll deduction based on authorization provided to them.
- Making changes or canceling an employee's voluntary deduction only with written authorization from the employee.
- Upon discovery of any data entry error made an employee must report such error to the Comptroller. The Comptroller will provide guidance on how to recapture any misdirected payments on behalf of the employee.

- The Comptroller Payroll Department is not responsible for knowing what type of policy/account an employee has or what their policy/account contains.

#### C. Taxable Fringe Benefits:

1. Any property or service that an employee receives from an employer in place of or along with regular wages is a fringe benefit that may be subject to federal employment taxes. If taxable, these benefits are included in gross income and subject to federal income, Medicare taxes, etc.
2. Refer to IRS regulations for the appropriate calendar year regarding specific taxation, valuation, and reporting information. Detailed information is available at <http://www.irs.gov>.

#### D. Federal Income Tax W-4:

The Internal Revenue Service (IRS) requires employers to withhold federal income tax from wages paid to their current and former employees based on the withholding exemptions claimed on the employee's Form W-4 (Employee's Withholding Allowance Certificate).

1. Employers are required to provide Forms W-4 to their employees and employees are required to submit to the Personnel Director and/or Administrative Officer, upon hire, a completed Form W-4. This certificate provides the basis for determining the proper amount of tax to withhold from an employee's wages. The Comptroller Office is required by Federal Law to follow the rules and regulations established by the Internal Revenue Service.

- If an employee does not submit a completed Form W-4, federal income tax will be withheld at the single status rate, with no withholding allowances.
  - If an employee does not provide their social security number on the W-4 Form, the employee shall not be paid until the complete W-4 is provided to the County Comptroller.
2. Employees who wish to have a fixed dollar amount of wages withheld should review the federal withholding tables and request the desired amount of withholding.
  3. Employees who claim exemption from withholding must file a new W-4 with the County Comptroller each year by December 31<sup>st</sup> for the next calendar year withholding period.

#### E. Wage Reporting- W-2

1. Once an employer has paid wages that are taxable to an employee in a calendar year, the employer must report to the employee the taxable amount paid and any tax withheld so the employee can file their individual income tax returns. These amounts must also be reported to IRS and the Social Security Administration (SSA) so an employee's earnings and benefits accounts can be properly credited.

2. The employer reports Forms W-2 Wage and Tax Statement to the SSA and the local taxing agencies. The deadline for issuance of a Form W-2 is January 31<sup>st</sup> of the following year.

a) The County Comptroller may either deliver Form W-2's by interoffice mail to the employee's department in a sealed envelope or mail to employees at their home addresses as listed as of December 31<sup>st</sup> of each year. When an employer is unable, after a reasonable effort, to deliver an employee's Form W-2, the Comptroller's Office is required to keep those copies for four (4) years. Mailing the Form W-2 to an employee's last known address provided to the County Comptroller is considered a reasonable effort to make delivery.

b) If an employee loses a Form W-2 or it is destroyed, the employee will request in writing a duplicate W-2 and forward the request to the Comptroller Office.

c) Non-financial W-2 Corrections: If the employee determines that the name or social security number, on an employee's Form W-2 is incorrect, the employee must submit a request in writing to the Comptroller Office. The Comptroller will file the forms W-2C and W-3C with both the Social Security Administration (SSA) and IRS on behalf of the employee.

d) Financial W-2 Corrections: If the employee determines that the wage or tax information on an employee's Form W-2 is incorrect, the employee must submit a request for the correction W-2 to the Comptroller Office, with proof of error. The Comptroller will complete and file forms W-2C and W-3C to SSA and IRS on behalf of the employee.

**RESPONSIBILITY FOR REVIEW:** The County Comptroller or his/her designee will review this policy every 5 years or sooner as necessary.