Chapter Eleven: Payroll and Benefits

A. Policies

New Employee Procedures

See System Employee Handbook for a discussion of Employee Policies and Procedures.

Personnel Files

It is the policy of the Diocese of La Crosse Catholic Schools to maintain individual employee personnel files for current and past employees. These files are maintained at the Central Office.

> **Alternative Procedure**:
>
> Personnel files may be maintained at the individual school in a locked file.

Employee Files

It is the policy of the Diocese of La Crosse that any medical, psychological, psychiatric or treatment records of any school employee shall be maintained in a separate employee file.

Retention, review and disclosure of all employee personnel records shall conform to the demands of Christian justice, all laws of privilege and confidentiality, and the provisions of S.103.13 of the Wisconsin Statutes. Laws have been established at the state and federal levels as to the paperwork that must be maintained on past and current employees. Some of this information is kept in the personnel file, while other items should be maintained in a central location, separate from the personnel file. Items to be kept, their location, and the length of time they should be maintained is outlined in **Appendix B – Record Retention Procedures**.

Compensation Agreements
All paid employees (administrators, teachers, support staff, coaches, substitute teachers) must have a written document identifying the compensation amount the employee will be paid. The document must be signed by the employee and a school representative prior to the first day of work for new employees, prior to the start of school for teachers and prior to the first paycheck for interim pay raises.

1. Contracts
- a. Administrator Contract
  - i. The term of service for an administrator is one year, July 1 through June 30.
  - ii. If there is a change in the rate of pay during the year a contract modification must be completed and signed prior to the payroll that encompasses a change in pay.
- b. Teacher Contract
  - i. The term of service for a teacher is 190 days.
  - ii. If there is a change in the rate of pay during the year a contract modification must be completed and signed prior to the payroll that encompasses the contract modification.

2. Letter of Employment
- a. All support staff both hourly and salary are “at will” employees. A Letter of Employment is issued annually in advance of the first day of the new fiscal year for year round employees, in advance of the first day of the school year for employees who work only when school is in session, or in advance of the first day of work for any new support staff employee.
  - i. If there is a change in the rate of pay during the year a new Letter of Employment should be issued and signed prior to the payroll that encompasses a change in pay being made.
  - ii. New employees must have a signed Letter of Employment prior to their first day of work.

3. Pay Agreement

a. All employees that do not receive a contract or Letter of Employment receive a Pay Agreement. The agreement must be signed by the employee and school representative prior to the employee's first day of work. Examples of employees that generally fit into this category are paid coaches and substitute teachers.
    i. If there is a change in the rate of pay or when payment will be made during the year a new Pay Agreement should be issued in advance of any pay or payment term changes.

Time Sheet

All non-exempt hourly employees are required to fill out a time sheet to record hours worked, vacation hours and sick hours, and paid and unpaid leave time. Timesheets must be authorized by a person in a supervisory position who has adequate knowledge of the employee's work schedule. Unauthorized timesheets will not be processed.

Time sheets signed by the employee and supervisor are also required to be turned in to the Central Office on a timely basis. School specific payroll schedules are covered in **Section H – School Specific Procedures**.

The school shall establish a predetermined work schedule for each employee. Non-exempt hourly employees may not work more than 40 hours per week without being paid overtime compensation of 1 ½ times the employee's regular rate for time worked after 40 hours. All overtime must be pre-approved by the employee's supervisor.

Timesheets must be retained for a period of six (6) years from the date of the timecard.

Whenever a legal holiday falls on a Saturday, the holiday will be observed on Friday. If it falls on Sunday, it will be observed on Monday.

Full-time employees who do not work on a recognized holiday falling in their regularly scheduled work week, shall be paid for that day the number of hours worked normally on such a day, not to exceed eight hours at the regular rate.

Part-time employees who do not work on a recognized holiday which falls on a regularly scheduled working day shall be paid for the number of hours he or she would have worked on such a day according to the regularly defined work schedule.

Holiday pay will not be considered time worked for purposes of computing overtime.

An employee who is on unpaid status before and/or after the holiday will not receive holiday pay.

Vacation and Sick Records

It is the policy of the Diocese of La Crosse Catholic Schools to maintain individual sick and vacation records for each employee. These records should record hours carried over from previous years (if applicable), current hours earned, and hours taken. These records should be updated each pay period as hours are reported.

See the System Employee Handbook for System specific vacation and sick policies.

B. New Employee Procedures

Hiring

Hiring of employees can be done by the President, Principal, Assistant Principal, Child Care Coordinator and department heads (with approval of Principal and President) ("Supervisor"). When hiring a new employee, these procedures should be followed:

Supervisor

1. Obtain approval for hiring of individual from President and Principal.
2. Recruit for the position.
3. Each employee shall be required to complete an employment application on forms approved by the Office for Temporalities. An employment application template can be requested from the Office for Catholic School's Administrative Assistant.
4. Applications shall be received only at the time when there are vacancies in employment positions and/or newly created positions. No applications are received when there are no employment positions available.
5. As part of the hiring process, applicants may be interviewed. The following guidelines shall govern any employment interviews that occur:
    a. A set of questions for each applicant shall be determined in advance.
    b. Each applicant who is interviewed shall be asked the same questions.
    c. All persons interviewing applicants shall not ask illegal and/or improper questions. Such include, but are not limited to, questions regarding age, handicap or disability, race, national origin, marital status, pregnancy or childbearing, family leave needs, etc.
    d. Notes shall be kept of the interview process and retained for at least one year. Applications after the hiring decision is made shall be retained for at least seven years after separation for those hired or two years for those declined.
    e. Applicants shall be informed at the time of their interview of the job title, job descriptions, and general information concerning benefits.
    f. For certain positions the school may require the person to be a Roman Catholic in good standing. However, for most positions, insisting upon a Roman Catholic applicant may violate both Federal and State law. Therefore, if in fact the school intends to restrict its applicants on the basis of religion, it must seek advance approval from the diocesan Finance Officer and the diocesan attorney.
    g. Prior to the decision to hire, the references of final applicants shall be checked by the hiring authority.
    h. A criminal background check shall be made of the individual extended the job offer. The offer is contingent on the results of the criminal background check.(http://www.diolc.org/files/safe-environment/Criminal_Background_Check.pdf)

6. Interview candidates individually or with the Principal if deemed necessary.

7. When a candidate is chosen, fill out a "**Letter of Employment**" or "**Teacher Contract**". The new employee's name, start date, position, pay rate, and supervisor must be completed, and the form signed by the new hire and the Principal or President. This form authorizes the employee to be entered into the payroll system.

    a. a. Immediately after hire, but before starting employment, all new employees shall complete the confidential safe environment employee and volunteer questionnaire of the Diocese, as part of the Safe Environment Program. (http://www.diolc.org/files/safe-environment/Confidential%20Questionnaire2014.pdf)

8. Forward the form to the Central Office for processing.

Central Office

1. Prepare the teacher contract (administrator, teacher) or letter of employment (non-teacher).
2. Assemble the entrance interview packet with all applicable tax and benefit forms.

3. Conduct the entrance interview. Document this interview using an **Employee Handbook**. The purpose of this interview is to inform the employee of school policies and procedures, as well as to explain the benefit package.
4. Once hired, all employees must complete a payroll form W-4, along with Form I-9, Employment Eligibility Verification.
5. Employees shall provide a copy of the employee's Social Security card to assure accuracy for the filing of W-2s.
6. Employees shall be required to complete fringe benefit application forms for fringe benefit programs in which the employee is eligible to participate.
7. Process paperwork. Specific processing procedures are covered in **Section H - School Specific Procedures**.
   - W-4
   - I-9
   - Direct Deposit form
   - Benefit forms/applications
   - Emergency data
   - Payroll setup forms
8. Prepare and submit Wisconsin New Hire form. **This must be done within 20 days of the employee's start date.**
9. File paperwork according to the Record Retention Schedule found in Appendix B.

C. Payroll Processing

<u>Time Sheets</u>

Employee

1. Complete the number of hours worked, vacation hours, sick hours, etc. by category daily on a time sheet.
2. At the end of the pay period, total the number of hours, by category, to be paid for the pay period.
3. Sign the time sheet and obtain an authorization signature from the Principal.
4. Forward timesheet to school secretary.

School

5. Forward all timesheets for the school to the Central Office. Provide a coversheet listing the number of timesheets

Central Office

6. Recalculate hours on each time sheet. Reconcile to employee's calculation.
7. Review for employee signature and authorization signature.
8. Initial the time sheet to document Steps 5 and 6.

<u>Payroll Preparation</u>

1. Accumulate all school and Central Office time sheets.
2. Enter hours, by category, onto a Payroll Accumulation sheet. It is recommended that an electronic spreadsheet such as Excel is used to reduce the chance of error and to minimize the amount of time required to accumulate the information.
3. Enter contracted and salaried employees into the spreadsheet along with the payment amount. (This should only need to be done when first setting up the spreadsheet. For future payrolls, simply review the previously entered data for accuracy and changes.)

4. Enter any miscellaneous additions to or reductions of pay such as bonuses, travel reimbursements, unpaid time off, etc. for each employee.
5. Print the Payroll Accumulation sheet. Review for accuracy.
6. Review employee deductions and make any changes necessary. (*Changes required to deductions should be accumulated throughout the payroll period to speed up this process*.)
7. Enter the payroll information into the payroll system and process (or submit to a third-party payroll processor.)
8. Make any necessary updates in personnel file in MIP. This would include new employees, change in address, wage increase, etc.
9. Process payroll in MIP.
10. Verify payroll data for accuracy by comparing MIP payroll report totals compared to time sheets.
11. Print direct deposit and checks.
12. Prepare, save and transmit ACH file.

Payroll Distribution

1. Compare hours paid and salaries paid totals listed on the Payroll Register to the Payroll Accumulation sheet prepared earlier. Reconcile the totals.
2. Distribute payroll stubs or checks according to school policy (email, hand deliver, mail). This procedure is covered in **Section H – School Specific Procedures**.
3. File all payroll documents, including timecards and the Payroll Accumulation sheet, by date.
4. Make all payments required. See **Section D – Payroll Tax and Deduction Payments** for further information.
5. Schools that use MIP, transfer payroll to accounting module following software instructions..
6. Schools that use a third-party payroll processor, prepare the payroll journal entry. To speed up this process, it is recommended that a copy of the standard journal entry without numbers be used as a template. Reconcile entry to the Payroll Register or the Payroll Accumulation sheet.
7. Schools that use a third-party payroll processer, update vacation and sick records based on hours reported and Vacation and Sick Time Taken Reports. MIP updates paid time off during payroll entry. See **Section G – Vacation and Sick Records** for additional information.

D. Payroll Tax and Deduction Payments

Federal Tax Withholdings

After each payroll has been processed, tax withholdings must be filed with the appropriate taxing authority according to the mandated deposit schedule.

1. Calculate the FICA and Medicare payment by reviewing the Payroll Register:

   (FICA Withheld + Medicare Withheld) x 2 = Amount Owed

2. Fill out a Federal **Electronic Payment Form**, entering the pay date (MMDDYY) and tax amount withheld, if applicable. File according to documented procedures.
3. Fill out the Wisconsin coupon (WT-6) by entering the amount on the pre-dated coupon. If filing electronically, file according to documented procedures.
4. Enter electronic payments into the system as miscellaneous cash disbursements.

Quarterly Payroll Tax Returns

941

The 941 Form must be filed quarterly. The forms can be found at irs.gov website. It is due by the last day of the month following the end of the quarter.

1. Run a Quarterly Report out of the Payroll System for FICA and federal withholdings.
2. Fill out the 941 Form, entering the total federal tax amount withheld, the total FICA and the total Medicare taxes withheld.
3. Enter actual deposits made onto form.
4. Reconcile the 941 Form.
5. The Finance Manager must sign the completed return.
6. Make one copy of the tax return and file the copy in the tax file for the current year.
7. File electronically Form 941 to the IRS.

Other Payments

Other payments may be necessary such as Tax Sheltered Annuity payments (403b), garnishments, insurance premiums, and flexible spending withholdings. If the payments will be invoiced (i.e. health insurance), there is no need to do anything until the invoice is received. At that point, the invoice should be verified against the deductions.

If no invoice will be received (i.e. garnishments), complete a check request for the payment and file along with other unpaid accounts payable invoices.

E. Employee Master File in MIP

The master file maintained on an employee tracks all Human Resource information such as name, address, social security number, emergency information, position, pay rate, employee number, supervisor, and so on. The master file is established when an employee is hired, and the information contained in it must be kept current and confidential at all times. Access to the employee master file should be restricted to appropriate individuals.

Changes to Master File

At times it is necessary to change information in the Master File.

Supervisor/Employee

1. Fill out an Employee Master File Change form.
2. Authorize change if changing “critical” information (i.e. pay rate, position).
3. Forward to Central Office

Central Office

4. Make requested changes to the Master File. All changes to the master file must be reviewed and approved by a supervisor. Changes to an employee Master File in MIP need to be made prior to payroll entry to ensure the accuracy of the payroll.

F. Terminated Employees

Supervisor

1. Perform an exit interview with the employee. Fill out an Exit Interview Form to document this discussion (see **Appendix A** for example format).
2. Forward form to the Central Office.

Central Office

3. Notify benefits companies of termination date.
4. Make notation in payroll file to issue final paycheck.
5. File final paperwork in personnel file.

G. Vacation and Sick Records

Employee - Salaried

1. When vacation or sick time is taken, complete a **Request for Vacation and Sick Time Taken** form (see **Appendix A** for an example format).
2. Have form approved by a supervisor.
3. Forward the form to the Central Office for processing.

Central Office

4. Review form for authorized signature.
5. File Vacation and Sick Time Taken reports with the payroll file until payroll preparation.

H. School Specific Procedures