Payroll Practices, Records and Outsourcing

- committee	Current		-	M /02
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Presented by: Heffernan Consulting



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Disclaimer

 The information presented is general in nature and is intended to present an overview of employment practices. The written and verbal contents of the presentation are not intended to constitute consulting and/or advice and no client relationship is established between the presenter and attendees.



Presenter: C.J. Westrick, SPHR

- National Certification through the Human Resources Certification Institute (HRCI) as a Senior Professional in Human Resources (SPHR) since 2002
- HR consultant since 2006
- 20+ years in HR management
- Former President of National Human Resources Association (NHRA) – San Diego Chapter



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Today's Objectives

- Practices and policies
- Payroll documentation and records
- Outsourcing
- Special disclaimer:
 - Follow your state laws; information provided here may not meet your state requirements



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Payroll Basics



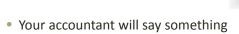
- Consistent pay dates
- Define workday and workweek
- Only time worked counts toward OT
- If having trouble meeting payroll expenses, have employees stop working temporarily

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Misconceptions

- Money grows on trees
- Your payroll processor will let you know if you're doing something illegal or ill-advised

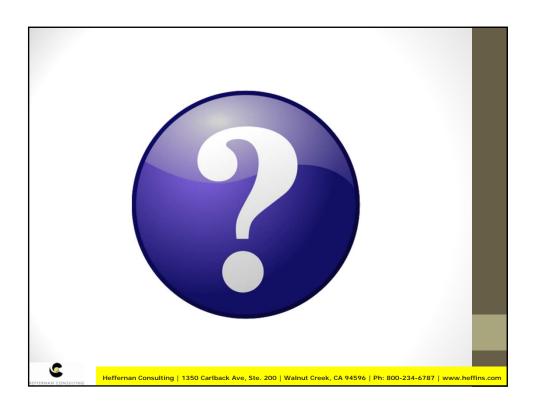


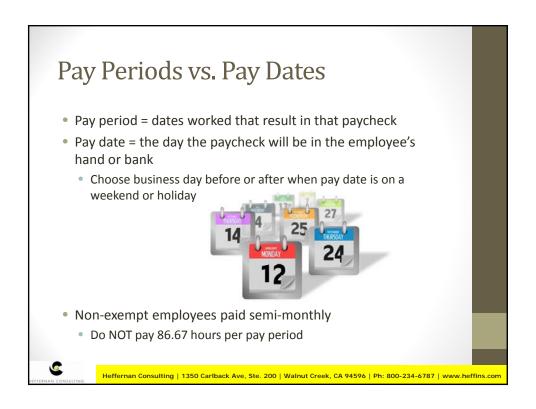
- Accruals policies will be entered into payroll correctly

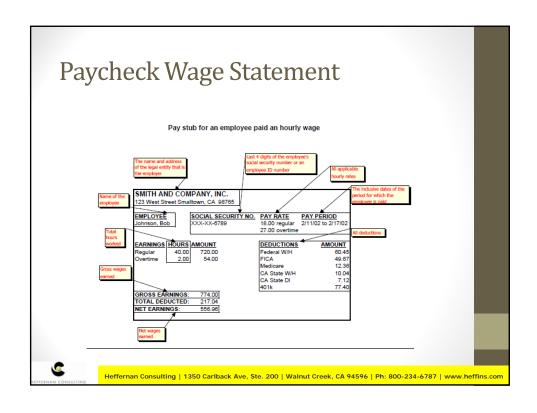


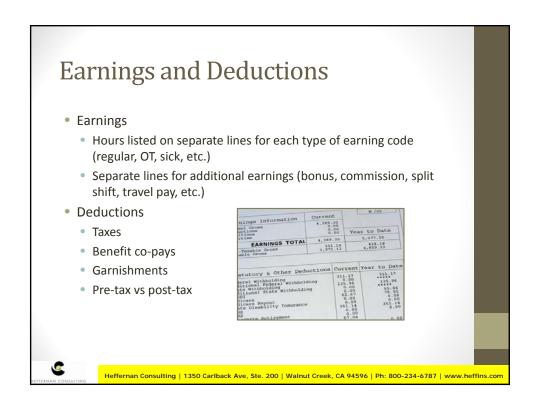
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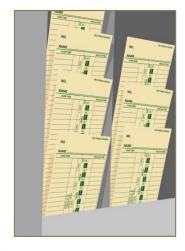












- Paper timecards vs. electronic
- GPS tracking on apps
- Non-exempt vs. exempt

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Payroll Extras

- Paid sick leave differences
- Minimum and multiple wages
- Grace period and/or rounding
- On-call
- Training
- Travel
- Bonus
- Commissions
- Tips





Paid Sick Leave

- Multiple sick leave policies possible
 - Your policy
 - State laws
 - Locality laws
 - Federal contractors



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Wages

- Minimum wage must be paid
- Multiple wages are allowed
 - Must be distinguishable and tracked
- Unpaid workers
 - Volunteers only allowed in non-profits
 - Interns are paid unless part of a college official internship program





Grace Periods and Rounding

- Explain details in writing, if using either
 - Get employee's signature
- Grace periods
 - Allow employees to clock in 10 minutes before starting work or 10 minutes after stopping work
 - State they are not to work
- Rounding
 - Time is rounded up/down to nearest 10th of an hour (6 minutes)
 - State you do not expect any time lost by the employee in long run





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On-Call

- Paid if too restrictive
 - Geographic
 - Reporting time
- Time worked may include travel time
- Consider a small daily rate





Training

- Mandatory company meetings
- Required training
- Learning a new skill that benefits the company



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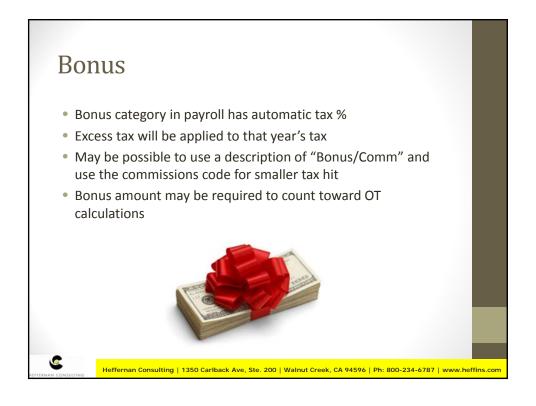
Travel



- May pay minimum wage, with notice
 - Time spent on unskilled work
 - Only applies to employees who don't drive as their job
- Non-commute driving to locations throughout the workday or week
- Flying or driving to a site for training or a meeting

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Commissions

- Enter commissions as a separate line item
- Commissions must be paid as soon as you have the information needed to do the calculation
- Written commission plan



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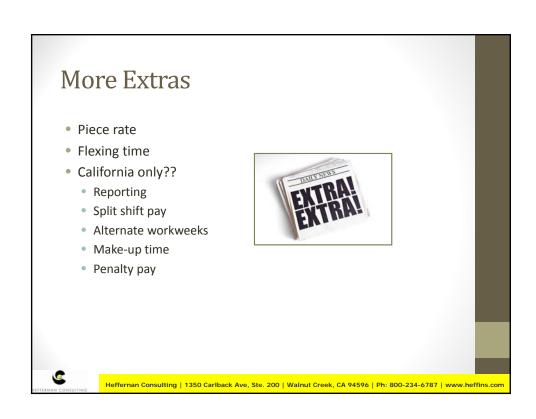
Tips

- Treated as income and taxable
 - Tips over \$20 that day must be reported to employer
 - All tips reported on employee's annual income tax form
- Ensure total tip income reported to you in any pay period is at leave 8% of your total receipts for that period
 - Total reported is <8%, allocate difference between the actual tip income reported and 8% of gross receipts by either:
 - Gross Receipt Method
 - Hours Worked Method
 - Good Faith Agreement











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Flexing Time

- Flexible time = employer varies work times
- Flex time = employee can vary work hours
- Shift variations to cover potential overtime or out-of-state business
- Change workweek for some employees so Saturday is covered, if needed
- Get creative



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Reporting Time

- Scheduled shift
- Employee shows up but not enough work for shift
- (CA) Must pay half of shift hours
 - No less than 2 hours
 - No more than 4 hours



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Split Shifts

- Defined as a gap of more than one hour in workday
 - Applicable in your state?
- Owe 1 hour of minimum wage for split shift
- Offset by higher wage



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Alternate Workweek

- Not your regular 8a 5p days
 - 4 x 10 hour days
 - 4 x 8.5 hour days plus Fridays off by 3p
 - 3 x 12 hour days but paid for 40 hours
- Employees needs a good reason to give up OT
- Requires certain steps be taken
 - Cannot randomly change it... those steps would need to be repeated



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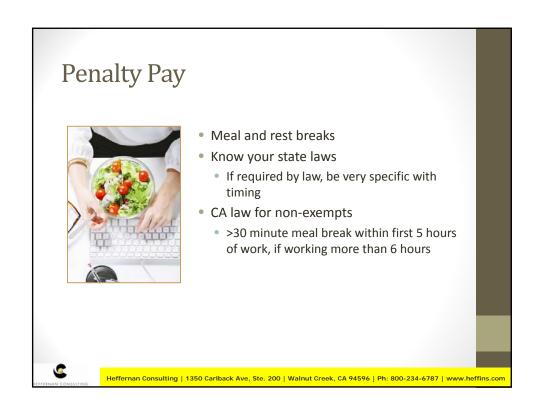
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Make-Up Time

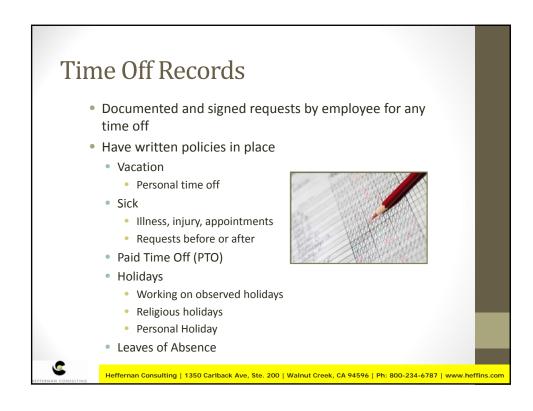
- CA-approved method for avoiding overtime
- Company must approve/deny requests
- Specific rules:
 - Same workweek
 - Request in writing
 - Time taken regardless
 - <11 Hours can be worked without paying overtime</p>

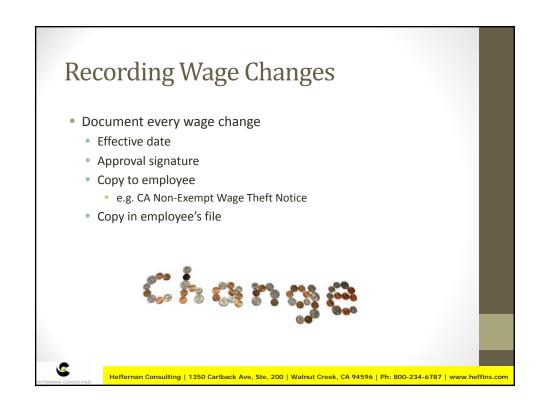


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Payroll Records

- Name, employee number, address, age, sex, occupation
- Individual wage records
- Payment dates and periods
- Time and day work week begins
- Daily/weekly straight time earnings
- Wages pay each pay period
 - Deductions
 - Regularly hourly rate
 - Hours worked (daily/weekly)
 - Weekly OT earnings
 - Piece rates
- Unemployment insurance records











- Your company is still ultimately accountable
- Review periodically
- Time spent vs. cost
- Online submission vs. called in
- Why you might want to outsource
 - Taxes paid promptly
 - Tracking time off use and accruals
 - Payroll processing companies
- Who is the backup





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Recommendations

- Research your state's payroll laws
- Periodic reviews
 - Pay stub
 - Accruals
- Have employee's signature for any elective deductions
 - Time off
 - Benefit elections / changes





