

SOUTH DAKOTA BOARD OF REGENTS

Policy Manual

SUBJECT: Payroll Practices

NUMBER: 4:36

The following policy will govern the pay practices for the institutions within the Board of Regents.

1. Paycheck Distribution

South Dakota Board of Regents and the Shared Payroll Center (SPC) in coordination with the institution Human Resource departments are responsible for processing paychecks and direct deposit earning statements and distributing them to the institution by last business day of the month. Each institution must develop appropriate procedures to ensure the prompt distribution of paychecks and earning statements to employees who do not have access to SNAP or email.

In the event an employee receives a payroll check, the check will not be provided to employees until the pay date.

2. Payday Schedule

Employees will be paid on a monthly payroll schedule. The SPC is responsible for publishing a schedule of specific payroll dates, including paydays and deadlines for submitting timesheets.

3. Lost or Stolen Paychecks

An employee should immediately report a lost or stolen paycheck to the institutional human resources department. The Shared Payroll Center will issue a new paycheck to the institution to distribute to the employee after payment is stopped and an affidavit is signed by the employee and approved representative of the institution. The timing of this check replacement will be dependent upon timing of notification. However, if a check is lost through no fault of the institution and institution is unable to stop payment on the check, institution is not obligated to indemnify the employee for the loss.

4. Payroll Deductions

Federal and state withholding taxes and Social Security taxes are deducted from every paycheck in accordance with IRS guidelines. Voluntary deductions for health care benefits, savings bonds, 403(b) payments, parking permits, and the like can be made after an employee completes the necessary authorization forms. Employees will have the Bureau of Human Resources default plan auto defaulted for a deduction in the event the employee does not complete the required medical enrollment forms and paperwork prior to first payroll and/or if the employee does not complete his/her forms and paperwork in the time allotted by the Bureau.

The institution deducts court-ordered garnishments for personal debts—such as child support—without the employee's prior authorization. Deductions for federal, state, and city tax liens can also be made by the institution without prior employee authorization.

5. Payroll Changes

In the event the department, college or institution desires to make a payroll change on current employees, such as supplemental and additional duty pay, the originator of such a request must have all paperwork completed and approved by all parties and submitted to human resources no later than the 12th of the month. In the event an emergency is required to take action after the 12th, the originating department will need to obtain the necessary permissions of the Vice President and Human Resources Department.

In the event the department, college, or institution desires to hire personnel, the originator must provide all paperwork for new hires prior to the 12th of the pay period to ensure payment of wages in the current pay period. In the event the originating department offers employment and allows the employee to begin working without following the proper procedures, including the timely completion of required payroll paperwork and forms (both institutional and new hire), the department will need to obtain the necessary permission of the Vice President and Human Resources Department for proper payment of wages.

Reports will be completed to audit payroll practices to ensure timely processing occurs.

6. Employees on a Leave of Absence with Benefits

Employees who are on an approved leave of absence with benefits are responsible to pay their benefits to the institution by the 15th of the month. This is to ensure payroll processing of benefits. In the event payment is not received, employee will receive a notification of termination for benefits.

7. Timesheet Submission

It is the responsibility of each employee to submit his/her timesheet or leave report as scheduled to their proper supervisor. In the event an employee does not submit their timesheet, their payment of wages will not occur until next payroll process.

Likewise, the supervisor is responsible to approve all timesheets or correct and approve all timesheets to ensure prompt payment of wages.

8. Direct Deposit

All Board of Regents employees, except where prohibited by law, shall make arrangements to receive payroll payments via Automated Clearing House (ACH) direct deposit. Campus administration may make exceptions to this only for short-term employees.

Employees may request additional direct deposit accounts; however, each account must be associated with a financial institution for checking or saving accounts.

9. Final Wage Payment

Employees separating from the institution(s) are paid in accordance with South Dakota Codified Law.

10. Stale Dated Check Policy

There are circumstances causing stale dated checks to occur. Therefore, it is the policy of the Board of Regents to adhere to the following guidelines:

- A. **Terminated Employees:** It is the policy of the BOR, that a stale dated check under \$5.00 will not be reissued to a terminated employee. Stale dated checks, under the amount of \$5.00, will be sent directly to unclaimed property by the shared payroll center. If the stale dated check issued to a terminated employee is greater than \$5.00, the stale-dated check will be re-issued one-time. If the second check stale dates, the check will be sent to unclaimed property.
- B. **Active Employees:** If the employee is active, and has an active bank account, the stale dated check will be re-issued regardless of the amount of the payroll check.
- C. **The SPC will re-issue the stale dated checks as soon as the list is received. An affidavit will no longer be required by the institution as this formal policy documents institutional procedure.**

11. Payments Returned – Supplemental Deductions/Benefits

- A. In the event that an employee's voluntary deduction(s) to a vendor are returned to the South Dakota Board of Regents in the form of an employer stale dated warrant (past payment practice – prior to February 1, 2010), the contribution shall be refunded to the contributing employee.
- B. When an employee's supplemental retirement contributions are returned to the South Dakota Board of Regents due to employee error in account setup with the vendor, or any other reason that is not due to the error of the South Dakota Board of Regents, the contributions shall be refunded to the contributing employee in their next scheduled payroll cycle or if no longer employed, in a correction payroll.
- C. If an employee's voluntary deductions are returned to the South Dakota Board of Regents due to a payroll error or vendor error not due to the employee, those funds should then be sent back to the vendor on behalf of the contributing employee by the Board of Regents.

12. Payroll Errors

- A. Under Payment: When an employee or supervisor identifies a payroll discrepancy they shall notify human resources of the error so that a review of the discrepancy may be conducted. If the error is found to be substantiated, then in the next correction or monthly payroll, the error shall be fixed.
- B. Over Payment: When an employee is overpaid for wages not owed to them, the Shared Payroll Center needs to be notified as soon as possible (by the employee if they are aware and by the human resources department). Repayments not only affect a person's pay and retirement, it also affects his/her taxes and W-2. Some examples of an overpayment would be:
 - A large sum of money that cannot be corrected on the next payroll,
 - An overpayment is discovered for a terminated employee, or
 - The overpayment is for a previous year.

When an overpayment has occurred, the employee will repay the university either by the end of the calendar year the overpayment was made or sooner based on the error found or the employee/employer agreement. The employee may request additional time if circumstances require.

Repayments must be processed through the payroll human resources system. The human resources department shall work directly with the Shared Payroll Center to ensure proper procedures are followed. If the employee is terminated and will not be receiving any more pay, the overpayment will need to be handled using the collections process. If the employee is a recent graduate who has been overpaid, and all efforts to collect the overpayment from him/her have been exhausted, a hold may be placed on his/her transcripts until the repayment has been received.

13. Termination and Deferred Payroll

Effective August 22, 2012 all benefit eligible exempt employees will be paid over a twelve month payroll period. Voluntary deductions from base salary, payroll taxes, retirement system contributions, and employee benefit payments will be prorated over the full twelve month period. Salary payments to employees serving in faculty positions outside the faculty bargaining unit or to administrative or professional positions on less than nine-month full-time contracts will be prorated over the stated term of the appointment.

The payment of base salary over a twelve month period does not change the period when such employees are under active contract for service, nor does it permit the assignment of additional duties outside the dates of the base appointment, except as otherwise provided in Board policy.

Payments for additional service, e.g., overload or summer session contracts or research grant summer stipends, will be paid as earned and required payroll taxes and retirement system contributions based on the additional salary will be withheld from such payments.

Employees retiring within a three-year period (August 22, 2012 –August 21, 2015 may elect to be grandfathered. If an employee who is on deferred payroll terminates employment and is not anticipated to return and voluntarily requests full payment of the deferred payroll, employee will be terminated in the payroll system and benefits will be terminated upon the final payroll payout (in accordance with benefit coverage dates).

Employees who will satisfy the rule of 85 or who otherwise will be or will become eligible for retirement between August 22, 2012 and June 30, 2015, may elect to continue to receive salary payments as earned during that time period, subject to proration of elected benefit premium payments. To exercise this election, such employees must provide the institutional human resources director written notice no later than May 1, 2012, that they will continue to receive salary as earned.

If an employee who makes the election provided under this paragraph accepts a full-time appointment for a term beginning on or after July 1, 2015, payments under the new appointment will be paid out over twelve months. If an employee who is eligible to make the election provided in this paragraph fails to do so on or before May 1, 2012, the right to make the election shall terminate and the unit member's salary will be paid out over twelve months.

Eligible unit members, who initially elect to continue to receive base salary as earned, may rescind their election on or before July 1, 2013 or July 1, 2014.

Employees serving in faculty positions outside the faculty bargaining unit or to administrative or professional positions may request a one year delay in the implementation of these provisions for good cause shown. Such requests must be provided to the institutional human resources director as written notices no later than September 7, 2012. If granted, the conversion to a twelve-month payout for such individuals will become effective August 22, 2013.

SOURCE: BOR May 2008; December 2010; October 2011; August 2012.