

BEST PRACTICES, Controller's Office - Payroll

Title: Payroll Best Practices

147

Source: Book by Steven M. Bragg

Co Area:

Addl Info: [Check local library for book](#)

Abstract: Many of the book's Payroll Best Practices do not apply, but are listed here. Details are provided for a few.

Employee Deductions

- 17-1 Disallow prepayments
- 17-2 Give employees direct access to deduction data - See #148
- 17-3 Minimize payroll deductions
- 17-4 Prohibit deductions for employee purchases

Employee Forms

- 17-5 Automatic fax-back of payroll forms - See #149
- 17-6 Post forms on an intranet site - See #149
- 17-7 Avoid job costing through the payroll system
- 17-8 Switch to salaried positions
- 17-9 Use bar coded time clock
- 17-10 Use biometric time clocks
- 17-11 Use honor system to track vacation and sick time

Payments to Employees

- 17-12 Issue electronic W-2 forms to employees
- 17-13 Offer clear cards to employees - See #150
- 17-14 Send remittances as e-mail messages
- 17-15 Transfer payroll to credit card balances - See #151
- 17-16 Use direct deposit

Payroll Management

- 17-17 Automate vacation accruals
- 17-18 Consolidate payroll systems
- 17-19 Eliminate personal leave days
- 17-20 Link payroll changes to employee events
- 17-21 Link the 401(k) plan to the payroll system
- 17-22 Link the payroll and human resources databases
- 17-23 Minimize payroll cycles
- 17-24 Outsource the payroll function
- 17-25 Use Web-based payroll outsourcing

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Title: Give employees direct access to deduction data # 148

Source: Book by Steven M. Bragg **Co Area:**

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Abstract: This suggests an interface with the payroll system. The employee could see their deductions and if appropriate, edit them. There would be a split screen with one side showing gross pay, less deductions and net pay. The other side would show how the net pay would change if a deduction would change - such as an increase/decrease to a pre-tax 403b or a change in the number of tax withholdings. These types of changes might be done online by the employee, but other changes, such as insurance changes could not be done - but the results could displayed "as-if" with text indicating changes of this nature are allowed only during open enrollment.

Title: Automatic fax-back of payroll form or Post forms on an intranet site # 149

Source: Book by Steven M. Bragg **Co Area:**

Addl Info: [Check local library for book](#)

Abstract: These two suggestions eliminate the manual task of sending out and returning forms. Prior to the popularity of the Web, "fax-back" systems were often used to automate disbursement of needed forms. However, posting forms on an intranet site is more in use today.

Title: Offer "Clear Card" to employees # 150

Source: Book by Steven M. Bragg **Co Area:**

Addl Info: [Check local library for book](#)

Abstract: Employees can find themselves in credit trouble from time to time, frequently resulting in requests for payroll advances (N/A for FAU) which is a time-consuming process. An alternative to the payroll advance is to offer a "Clear Card" to employees. Under this approach, an employee pays for something with a MasterCard and then has the payment automatically deducted from their paycheck over the next two months, with no interest or late fees charged on the payment. Employees pay \$29 per year for this service, while the employer pays no fee at all. The credit card provider installs the automatic linkage through the corporate payroll system to process payroll deductions, and does so free of charge. The card is only available to employees earning at least \$20,000 per year and who have worked for a company at least six months. The credit limit on the card is 2.5 percent for those earning less than \$75,000 per year, with a 4 percent limit for those earning above this amount.

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Title: Transfer payroll to credit card balances # 151

Source: Book by Steven M. Bragg **Co Area:**

Addl Info: [Check local library for book](#)

Abstract: This suggestion is for the few people that do not have direct deposit because they do not have a bank account. A good solution to this problem is to set up a Visa debit card, called the Visa Paycard, for any employees requesting one, and then shift payroll funds directly into the card. This allows employees to pull any amount of cash they need from an ATM, rather than the entire amount at one time from a check-cashing service. The card can also be used like a credit card, so there is little need to make purchases with cash. Further, the fee to convert to cash at an ATM is much lower than the fee charged by a check-cashing service. There is also less risk of theft through the card, since it is protected by a personal identification number (PIN). Employees will also receive a monthly statement showing their account activity, which they can use to get a better idea of their spending habits.

The Paycard has only recently been rolled out by Visa, and is only available through a few banks. One must contact the corporate bank to see if it has this option available.

Title: Payroll Best Practices # 690

Source: Book by Steven M. Bragg **Co Area:**

Addl Info: [Check local library for book](#)

Abstract: Excellent Resource

1. Success or Failure with Best Practices
2. Employee Time Tracking
3. Employee Benefits and Deductions
4. Payroll Forms and Reports
5. Payments to Employees
6. Commission Calculations & Payments
7. Payroll Outsourcing
8. Payroll Management
9. Payroll Systems
10. Payroll Controls
11. Payroll Measurements
12. Payroll Policies and Procedures
12. Best Practices Implementation Plan

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Title: Controls for Payroll Self-Service # 713

Source: Book by Steven M. Bragg, Accounting Control Best Practices **Co Area:**

Addl Info: [Check local library for book](#)

Abstract: P 227-228. Require secondary approval or notification of bank account number changes.

This relates to someone obtaining access to a terminated employee's user ID and password. Book suggested requiring secondary approval of changes or at least notification of another person.

Title: Speeding Through Tax Time: Electronic W-2 Forms at George Mason # 882

Source: George Mason University **Co Area:**

Addl Info: <http://www.sacubo.org/awards/bestpractices/archive/2008bp/>

Abstract: The Payroll Department at George Mason University utilized web-based technology to make W-2 forms available to the university community in a more customer-driven, timely, and accurate manner. Mason was the first and largest university in Virginia utilizing the Banner software system to implement 100% paperless delivery of W-2s. Moving to an electronic W-2 form has saved the university time and money as well as improved delivery of important financial information.

The on-line W-2 system has saved the department both time and money as well as greatly reducing the number of W-2 corrections that need to be made. The W-2s are delivered sooner providing ample time to resolve any questions or discrepancies prior to having to send the information to the IRS. The process is more customer focused as staff can spend additional time working with our University customers to ensure that the information we have is accurate. Our customers receive more timely information in a format that facilitates submitting their tax returns electronically thereby receiving their refunds much faster.

Title: Saving Resources and Costs - Automated Payroll Processes # 1193

Source: Central Piedmont Community College **Co Area:**

Addl Info: <http://www.sacubo.org/docs/bestpractices/2012/AutomatedPayroll.pdf>

Abstract: Central Piedmont Community College was dependent upon paper and printing of payroll checks for part time employees and pay advices for full time employees who are paid by direct deposit. The college also used paper timesheets to record hourly non-exempt employee hours worked. We also had W-2 forms printed, which were mailed to employee homes. All of these processes have either been changed or are being changed to electronic processes.
