Course Objectives

After completing this course, you will be able to :

- Define payroll key terms and its mission
- Understand policies, procedures, and timelines used in the payroll process
- Maintain employees payroll taxes, general deductions, direct deposits, and arrearages
- Correct payroll errors
- Learn the paycheck reprints, reversals, supplementals, and adjustments process
- Perform inquiries online or using payroll reports

Payroll Resources

Besides the Payroll CBT, other helpful resources, such as forms, reports, contact numbers, and more, can be found in individual offices' web sites on the Department of Administration web page at http://admin.ks.gov/. Below are a few helpful sites:

SHARP Customer Services at https://www.admin.ks.gov/offices/personnel-services/sharp
Office of Personnel Services at http://www.admin.ks.gov/offices/personnel-services
Office of Accounts and Reports at https://admin.ks.gov/offices/oar

You can also call the Department of Administration Help Desk at 785 368 8000, then select the Assistance with SHARP option, for personal help.

Scenario

In this lesson, the SHARP trainer, Hall, will explain to the newly hired Payroll Processor, Kelly, the basic payroll functions and process.



Hall



Kelly

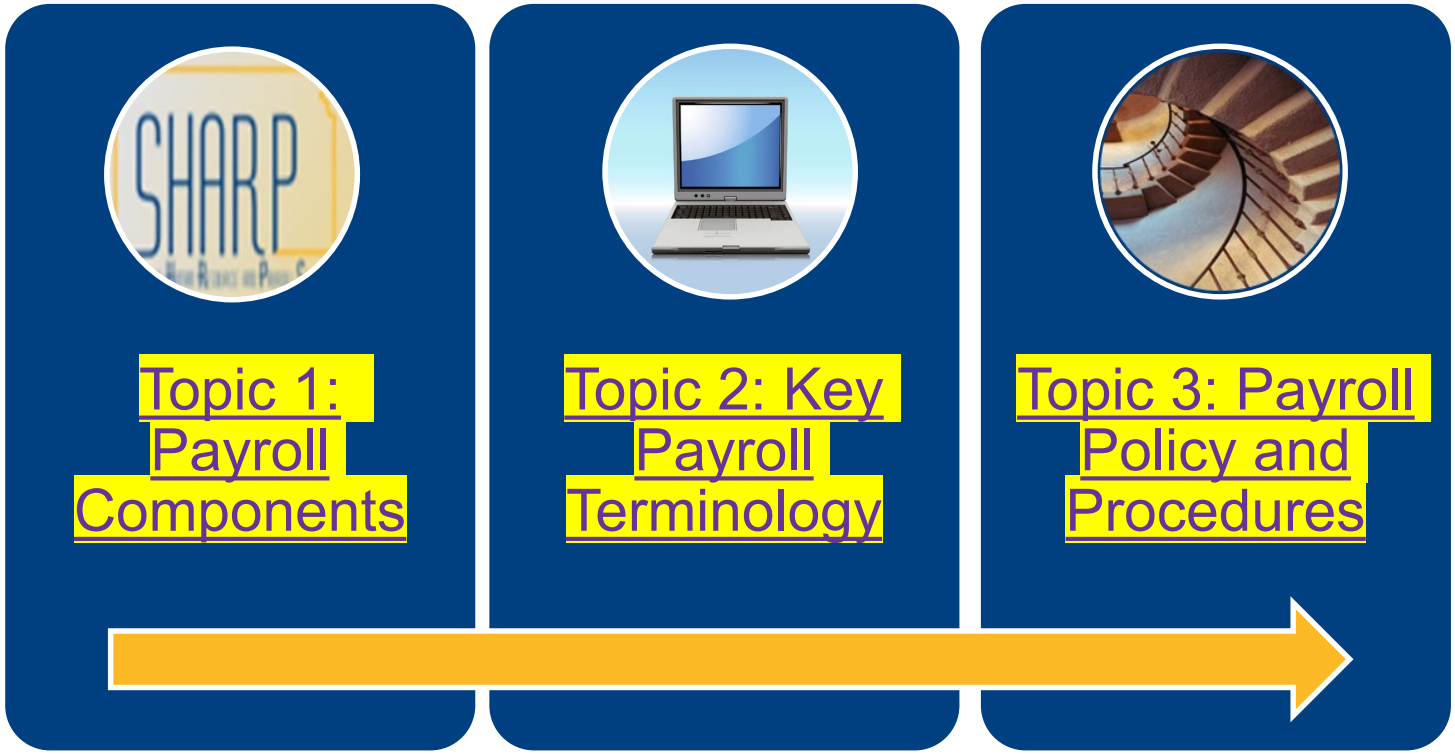
Lesson Objectives

After completing this lesson, you will be able to:

- Understand payroll components
- Learn key payroll terminology
- Understand the payroll process and timeline

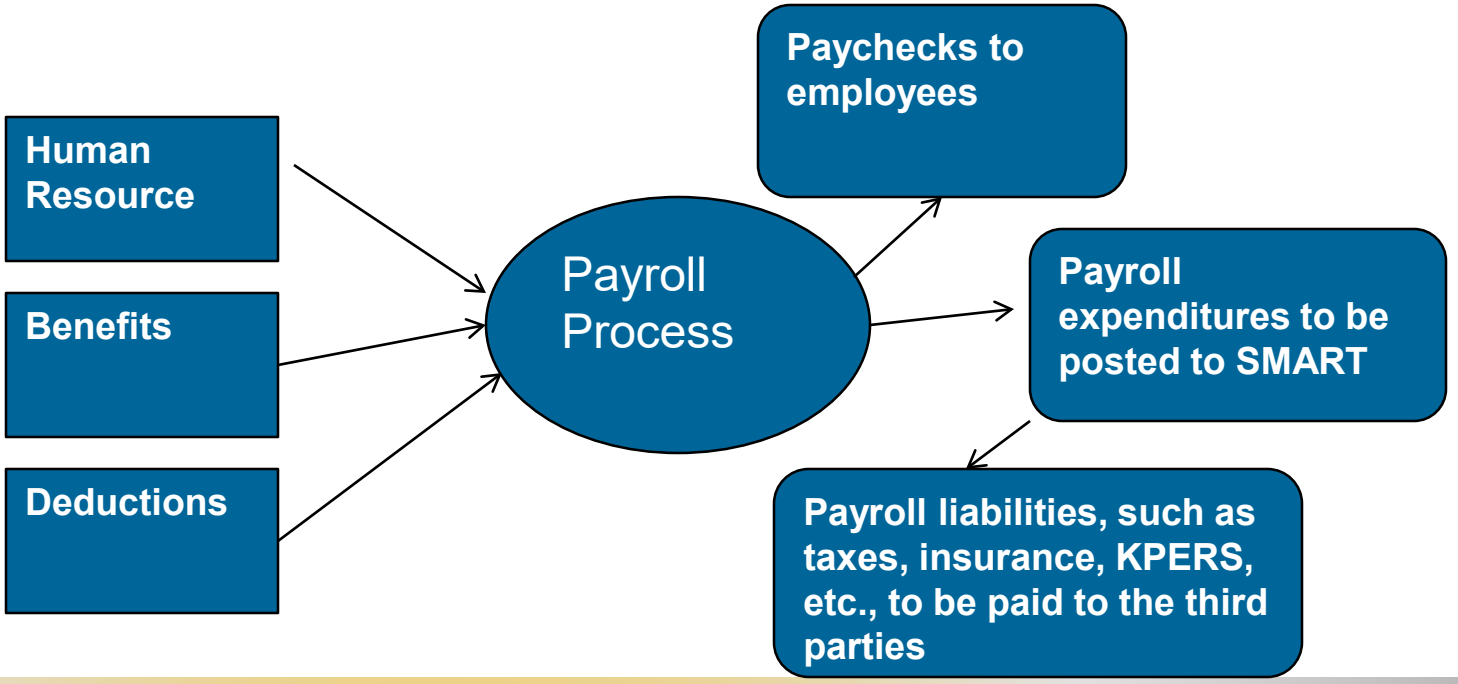
Lesson Topics

In this lesson you will learn about the following topics. Click **Home** (at the lower left corner) at any time to return to this menu. Click each topic to navigate to that topic.



Payroll Components - 1

The SHARP payroll process integrates human resource, benefits, and deductions data to calculate an employee's paycheck, deductions, employer contributions, and payroll charges to be uploaded to the state's financial system SMART.



Payroll Components - 2

When an employee is first hired, The Employee Data Sheet (DA-218) should be used to collect the employee's payroll data that the agency is responsible for entering. The Employee Data Sheet can be found on the SHARP Documents and Forms page at https://www.admin.ks.gov/offices/personnel-services/sharp/documents-forms

The SHARP Entry Guide attachment lists, by type, of all required entry items included on the EDS. The Guide also indicates the path for data entry and entry assignment. The SHARP Entry Guide can be found at https://www.admin.ks.gov/docs/default-source/payroll/sharp-9.2/SharpEntryGuide.pdf.

Key Payroll Terminology

Key payroll terms include:

- Pay Period
- On-cycle
- Off-cycle
- Pay group
- Paysheet
- Preliminary Pay Calculation
- Final Pay Calculation
- Pay Confirmation
- Direct Deposit (EFT)
- Pay Advice
- Adjustment
- Reversal
- Supplemental

Pay Period, On-Cycle, and Off-Cycle - 1

Pay Period is the bi-weekly payroll cycle that all State of Kansas employees are on. The bi-weekly pay period begins on Sunday 12:01 a.m. and ends two weeks later on Saturday at midnight.

On-cycle payroll processes the regular bi-weekly payroll. A normal on-cycle payroll occurs during the week following the end of a pay period and consists of 3 preliminary pay calculations and a final pay calculation before paychecks are confirmed. Pay day for the on-cycle payroll is the second Friday following the end of the pay period.

Pay Period, On-Cycle, and Off-Cycle - 2

Off-cycle payroll is typically used to process corrections/reprints to existing paychecks or create paychecks that were not entered in time for the last on-cycle payroll run.

Off-cycle payroll runs are normally scheduled for Monday evenings and every other Wednesday evening (the Wednesday that follows each pay confirmation). Officially designated holidays may impact the days that the off-cycles are generated. The Payroll Services Section issues an Informational Circular each year which contains a schedule of all the on-cycle and off-cycle payrolls for the year. The Informational Circulars can be found at http://www.admin.ks.gov/resources/informational-circulars.

Pay Group

Pay Group represents a group of employees that share common characteristics. All employees in a pay group are processed together during a payroll cycle. Pay groups are used for both on-cycle and off-cycle processing.

On-cycle pay groups are divided into two primary categories based on the FLSA status of exempt and non-exempt, of the position. Each category is further divided.

On-Cycle Exempt Pay Groups

The five pay groups for **exempt employees/positions** are EX1 through EX5.

Exempt employees whose ID ends in 1 or 2 are assigned to pay group EX1.
Exempt employees whose ID ends in 3 or 4 are assigned to pay group EX2.
Exempt employees whose ID ends in 5 or 6 are assigned to pay group EX3.
Exempt employees whose ID ends in 7 or 8 are assigned to pay group EX4.
Exempt employees whose ID ends in 9 or 0 are assigned to pay group EX5.

On-Cycle Non-Exempt Pay Groups

There are ten pay groups for non-exempt employees/positions.

Non-exempt employees who are assigned a 7-day FLSA work period and whose ID ends in 1 or 2 are assigned to pay group N11, whose ID ends in 3 or 4 are assigned to pay group N12, etc.

Non-exempt employees who are assigned a 14-day FLSA work period and whose ID ends in 1 or 2 are assigned to pay group N21, whose ID ends in 3 or 4 are assigned to pay groups N22, etc.

Off-Cycle Pay Groups

For adjustments and reversals, as long as "ADJ-ALL" is the run control ID the system converts any entry to the appropriate group as follows:

Exempt Employees	KXA KXB KXC
Non-exempt, 7-day	K1A K1B K1C
Non-exempt, 14-day	K2A K2B K2C

The manuals, or centrally processed adjustments and reversals, will have pay group names like: KAA, KAB, KAC

Supplementals pay groups will be named as follows:

Exempt Employees	SXA SXB SXC
Non-exempt, 7-day	S1A S1B S1C
Non-exempt, 14-day	S2A S2B S2C

The third character A, B, or C indicates the off-cycle when the transaction is generated.

Paysheet

Paysheets for an on-cycle payroll are normally created on the Tuesday night following the end of a pay period.

A paysheet is created for every employee showing "Active" status on the Job Data record during the payroll period.

A paysheet will contain one-time deductions, taxes, garnishments, and all earnings information for an employee for the pay period.

FLSA status changes (i.e., from non-exempt to exempt) must be made prior to paysheets creation to be reflected in the employee's on-cycle payroll for the pay period.

Preliminary Pay Calculation

Preliminary Pay Calculation (Pre-Calc) is normally performed Tuesday through Thursday evening of the week following the end of the pay period for the on-cycle payroll. The bi-weekly pay is calculated for all employees for whom a paysheet has been created (those with an "Active" status) and the payable time approved in the Time and Labor process. The calculation includes any updates to the employee's time and leave and/or deduction data that have been entered prior to the preliminary calculation and are effective for the period being processed. The calculated checks can be viewed online the day after the pre-calc run.

Preliminary pay calculations offer agencies opportunities to review payroll data and correct any errors before paychecks are finalized.

Final Pay Calculation And Pay Confirmation

Final Pay Calculation is normally processed on Friday of the week following the end of the pay period. No changes can be made to the paychecks once the final pay calculation is performed.

Pay Confirmation is processed immediately after the final pay calculation has been completed. Paycheck and advice numbers are assigned at this time. All employee month-to-date, quarter-to-date, and year-to-date balances for earnings, deductions, taxes, and arrears are updated upon completion of pay confirmation.

Adjustment, Reversal, Reprint, and Supplemental - 1

All four mentioned below are processed in the off-cycle:

Adjustment: An adjustment refers to any changes made to a confirmed paycheck.

Reversal: A reversal cancels all accounting transactions and employee data associated with a specific paycheck which has not been paid or redeemed by the State Treasurer.

Reprint: A paycheck reprint will be the exact reproduction of the original check (which may be stolen or lost), except for check number and issue date.

Supplemental: A supplemental is a paycheck that was produced in the off-cycle for a pay period when no on-cycle paycheck was printed, or when the original paycheck was reversed. (more)

Adjustment, Reversal, Reprint, and Supplemental - 2

Supplemental: (cont.) For the creation of supplementals, three off-cycle payroll runs are associated with every on-cycle payroll run. For a given pay period, supplementals may be processed on the Monday following that pay period's pay confirmation, the following Wednesday, and the following Monday. The next slide shows when supplementals can be entered during a bi-weekly payroll processing timeline.

SHARP Bi-Weekly Payroll Processing Timeline

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Pay Period begins						
						Pay Period Ends
Day1	**Day2**	**Day3** Paysheets creation 1st Pre-Calc	**Day4** 2nd Pre-Calc	**Day5** 3rd Pre-Calc	**Day6** Final Pay Calc & Pay Confirmation	**Day7**
Day8	**Day9** Off-Cycle A-first opportunity to request supplementals	**Day10**	**Day11** Off-Cycle B – 2nd opportunity to request supplementals	**Day12**	**Day13** Pay Day	**Day14**
Day15	**Day16** Off-Cycle C - Last opportunity to request supplementals	**Day17**	**Day18**			

Direct Deposit And Pay Advice

Direct Deposit or Electronic Funds Transfer (EFT) is the transfer of funds from the State Of Kansas accounts to an individual employee's paycard, checking or savings accounts at a participating bank, savings and loan association, or credit union.

Employee Self Service Pay Advice: A pay advice contains the employee's paycheck information. Paycheck advices are not mailed, they are available online on the Monday prior to a Friday payday through the Employee Self Service Center at http://www.admin.ks.gov/offices/personnel-services/ssc for all but Board of Regents Institutions (universities) employees.

Payroll Policy and Procedures - 1

Payroll policies and procedures are established through Kansas Statutes Annotated, Kansas Administrative Regulations, and Informational Circulars issued by the Department of Administration.

All State of Kansas employees are on the same bi-weekly payroll cycle that runs from Sunday through the Saturday of the following week. The SHARP Bi-weekly Pay Dates Through 2039, which can be found at http://www.admin.ks.gov/home under Document Center in the Resources menu, or http://www.admin.ks.gov/resources/document-center, lists the pay calendar. The pay dates shown in this document are subject to change.

Pay is issued every other Friday. If Friday is a designated holiday, pay is issued on the preceding business day.

Salary advances against unpaid wages are not authorized.

Payroll Policy and Procedures - 2

Earnings

All earnings are included in the employee's regular paycheck. This includes additional earnings such as longevity pay, suggestion awards and settlement payments.

SHARP automatically calculates compensatory time, vacation leave, and sick leave payouts upon an employee's separation, **if the termination is entered into SHARP prior to paysheets creation.** If the employee termination is not entered into SHARP prior to paysheets creation, agencies must manually calculate the payouts, and enter the hours/amounts on the timesheet. If the termination is entered after final pay calculation for the pay period, an earnings adjustment must be processed.

Payroll Policy and Procedures - 3

Deductions

Deductions are bi-weekly with a corresponding bi-weekly coverage period, except for the following deductions. Optional Group Life insurance deductions will be deducted from the employee's second paycheck of the month. The following deductions are semi-monthly and will be deducted on the first and second paychecks of the month.

- Group Health Insurance
- Vision
- HSA (Health Savings Account) and FSA (Flexible Spending Accounts)
- Voluntary Supplemental Insurance
- Long-Term Care

Deduction codes identify each deduction from earnings. Use the SHARP lookup function to display the current Deduction Code list for your agency. A complete listing of SHARP Deduction codes can be found on the Document Center page at http://www.admin.ks.gov/resources/document-center.

Payroll Policy and Procedures - 4

Deductions

A complete listing of SHARP Deduction codes can be found at the Document Center page at http://www.admin.ks.gov/resources/document-center.
The SHARP Payroll Deduction Schedule at https://www.admin.ks.gov/docs/default-source/payroll/sharp-9.2/PayrollDeductionSchedule.pdf
lists the frequency and coverage period of all payroll deductions.

The State of Kansas deducts withholding taxes and collects unemployment taxes for Kansas and selective other states and local units of government. Agencies with employees that work outside of the state of Kansas need to work closely with the Office of Accounts and Reports, Payroll Services Section to determine if any additional documents need to be completed for other states and local units of government for tax withholding.

Payroll Policy and Procedures - 5

Deductions (cont.)

The payroll system does not generate checks to third parties for court ordered withholding deductions. Instead, deductions are receipted into a Department of Administration payroll clearing fund and checks are issued through the SMART accounting system.

Employee deductions for maintenance are receipted into agency payroll clearing funds for Larned State Hospital, Osawatomie State Hospital, and the Kansas Department of Wildlife and Parks.

Payroll Policy and Procedures - 6

Payroll Charges

Sick and vacation leave payouts are charged to the Department of Administration's State Leave Assessment Reserve Fund at the time the payout is issued at retirement.

Agencies are charged for all employee arrearage amounts that are processed through SHARP. Once the arrearage amount has been collected, agency funds will then be credited back. All transactions associated with the collection of the arrears balance from the employee are treated as current period, reducing the agency expenditures and the employee's taxable wages (if applicable) in the pay period collected. **Note:** It is imperative that the repayment be made by the end of the calendar year. It is an agency responsibility to ensure that all balances are collected.

Payroll Policy and Procedures - 7

Payroll Charges (cont.)

All payroll charges are budget checked and posted to SMART two working days prior to the paycheck issue date. Unless the insufficiency occurs in a fund subject to the State's Federal Cash Management Agreement, any cash and/or spending authority deficits identified in the process the agency must resolve before paychecks are issued.

For budget and accounting purposes, salary and wage payments are charged to appropriations for the fiscal period or year in which the payment occurs. All paycheck reversals and adjustments processed in an off-cycle payroll will update employee balances in the current calendar year, regardless of when the paycheck being adjusted/reversed was originally issued. Expenditures are also reduced in the current calendar year/fiscal year when a refund is made for an employee contribution. Paycheck reversals will reduce expenditures in the fiscal year the paycheck was originally charged.

Payroll Policy and Procedures - 8

Payroll Charges (cont.)

"Imputed income" is the value of group term life insurance provided to the employee by the State of Kansas that is in excess of $50,000. IRS Code Section 79 requires that the cost of coverage in excess of $50,000 be included in the employee's taxable wages and reported on the W-2. Imputed income is subject to Social Security and withholding taxes. The taxable group life imputed income amount does not add to gross for the calculation of KPERS, TIAA, TSA, Workers Compensation or Unemployment Compensation.

The taxable group life imputed income amount calculation formula can be found at the SHARP Documents and Forms website at https://www.admin.ks.gov/offices/personnel-services/sharp/documents-forms.

Payroll Policy and Procedures - 9

Payroll Charges (cont.)
Various codes are used in processing the state payroll that charge the payroll to the state's accounting system SMART. Salary and wages are listed as accounts 51XXX in SMART. You can find a complete listing of SMART accounts at http://admin.ks.gov/offices/chief-financial-officer/policy-manual.

Prior period funding adjustments, unless both the original and the new funding uses task profiles, and nine paid twelve clearing fund transactions cannot be entered into SHARP. Agencies must process these transactions on journal vouchers through the SMART interfund system.

Lesson Checkpoint

Now is your opportunity to ensure that you are learning the course material. After you read the question, make your selection, then compare your response to the answer provided at the bottom of the page.

Lesson Checkpoint



Match the description to the payroll term.

A) On-cycle payroll

B) Off-cycle pay groups

C) Supplemental

A. Are named like K1A, KXC, or S1B

B. A paycheck that was produced in the off-cycle for a pay period when no on-cycle paycheck was printed, or when the original paycheck was reversed.

C. processes the regular bi-weekly payroll

The correct answer is: A) – C, B) – A, and C) - B.



Lesson Checkpoint



When are paysheets usually created?

A. The Monday after a pay period ends

B. The Tuesday after a pay period ends

C. Day 3 on the on-cycle payroll timeline

D. Both B and C

The correct answer is D.

Lesson Checkpoint



True or False? All reversals and paycheck adjustments processed in an off-cycle payroll will update employee balances in the current calendar year, regardless of when the paycheck being adjusted/reversed was originally issued.

The answer is T.

The correct answer is True – All reversals and adjustments will update current year funding.

Lesson 3: Optional Employee Deductions

Lesson Summary



Generally there are three preliminary payroll calculations and a final payroll calculation in an on-cycle payroll. Agencies should use these opportunities to identify and correct timesheets and payroll errors.



SHARP automatically calculates compensatory time, vacation leave, and sick leave payouts upon an employee's separation, if the termination is entered into SHARP **before** paysheets are created.



All reversals and paycheck adjustments processed in an off-cycle payroll will update employee balances in the current calendar year, regardless of when the paycheck being adjusted/reversed was originally issued.

In this lesson, I walked you through payroll process, key payroll terminologies, and payroll policy and procedures. Listed on the left are some key concepts.



Lesson Completion

Congratulations! You have finished this lesson.

Click exit to close this window and to access the course outline page, then click the next lesson you want to take.

