Business Procedures Manual – Section 5.0 Supplement
Institutions Supported by the Shared Services Center
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Section 5.0 Supplement - Payroll – SSC Institutions Introduction

This Supplement to BPM Section 5 - Payroll applies specifically to the institutions supported by the Shared Services Center (SSC) of the University System of Georgia (USG) and provides selected procedures associated with the support of the payroll and benefits systems utilized by the SSC supported institutions. If a specific procedure is not addressed in the Supplement, please refer to USG BPM Section 5.0 (**http://www.usg.edu/business_procedures_manual/section5**) for applicable governing procedures.

Note: The University of Georgia, Georgia Institute of Technology, and Georgia Health Sciences University utilize separate support systems and are not supported by the SSC. Procedures outlined in this Supplement are not applicable to them.

Topics in BPM Section 5.0 Payroll – SSC Institutions include the following sub-sections as related to Payroll:

- Benefits 5.1.x
- Taxes 5.2.x
- Employee Pay 5.3.x
- Reporting 5.4.x
- Status 5.5.x
- Security Access to Systems 5.6.x.

The Shared Services Center (SSC) provides centralized support for the efficient and effective paperless processing of payroll and benefits. The SSC provides processing support of actuals, problem resolution, documentation and training, and functions as a catalyst for sharing of knowledge and information between all USG institutions.

The SSC also serves as the point of contact for the 3rd Party Vendor discussions and negotiations.

The University System of Georgia institutions supported by the Shared Services Center payroll operations must conform to Federal and State laws and to policies of the Board of Regents.

5.1 Benefits

5.1.1 Qualifying Life Event Verification

Policy Statement

The University System of Georgia (USG) recognizes the importance of managing healthcare cost in order to maintain competitive healthcare plans for USG employees and retirees. Therefore, each institution's Human Resources (HR) Department will validate supporting dependent documents when employees are hired, experience an eligible qualifying family status change, and during the annual enrollment period or any other event requiring a verification document.

Process/Procedures

Employees may enroll themselves and their eligible dependents in the healthcare plans provided by the Board of Regents of the University System of Georgia. Employees must notify the institution's HR Department and elect their healthcare benefits as follows:

- within thirty (30) days from hire date;
- within thirty (30) days of a qualified family status change (e.g. marriage, birth of a child, divorce) affecting the eligibility of dependents, and/or
- during the annual open enrollment period.

In all cases, documentation showing eligibility must be provided to the institution's HR Department within 30 days from hire date or qualified family status change, or 30 days from enrollment date during open enrollment. If an employee does not provide the required documentation, his/her dependents cannot be covered. In the event of an inter-institutional transfer with the same benefits enrollment, a reattestation is not required; however, if the benefit package at the new institution is different and new enrollment is required, the new institution should verify benefit eligibility and maintain records accordingly.

Listed below are the steps followed for updating eligible dependent coverage:

- Employee enrolls eligible dependent for coverage in 3rd Party Vendor system within required timeframe
- The 3rd Party Vendor pends dependent for approval
- The Shared Services Center (SSC) electronically sends list of pended events to institutions by close of each business day based on the daily updates received from the 3rd Party Vendor
- Employee provides documentation to institution within required timeframe
- Institution reviews documentation and approves or denies addition of dependent in system
- Once approved by the institution, the 3rd Party Vendor processes the dependent enrollment and sends to carrier.

Qualifying Life Events

Employees / retirees are not allowed to change benefit elections during the plan year except for those experiencing a Qualifying Life Event (QLE). The following are considered **Qualifying Life Events**:

Event Code* *As applicable to Institution	**Qualifying Life Event**	**Verification Document Required**
07	Update Retiree / Survivor Medicare Information	Yes
08	Update Spouse Medicare Information	Yes
11	Birth, Adoption, or Legal Guardianship	Yes
13	Marriage	Yes
14	Divorce, Legal Separation	Yes
16	Spouse Gains Coverage	Yes
17	Spouse Loses Coverage	Yes
18	Dependent Child Becomes Full-Time Student	Yes
19	Dependent Child No Longer Eligible	Yes
22	Change in Dependent Information	Yes
24	Domestic Partnership Termination	Yes
25	Add Domestic Partner	Yes
27	Change in After Tax Benefits	Yes
29	Dependent Child Loss of Coverage	Yes
30	Update Beneficiary Information	Yes
32	Domestic Partner Gains Other Coverage	Yes
33	Domestic Partner Loses Other Coverage	Yes
34	Dependent Becomes Medicaid Eligible	Yes
35	Dependent Loses Medicaid Eligibility	Yes
36	Employee Gains Other Coverage	Yes
37	Employee Loses Other Coverage	Yes
38	Enroll / Change HSA (Health Savings Account)	Yes
39	Enroll / Change TSA (Transportation Savings Account)	Yes
40	End Retiree Coverage	Yes
41	Survivor Remarries	Yes
42	End Survivor Coverage	Yes
56	Pre-65 Employee Becomes Medicare Eligible	Yes
62	Tobacco User Status	Yes

Data-Driven and Administrative Events

In addition to Qualifying Life Events, there are data-driven or administrative events that may occur. Upon receipt of these events the online benefits system will open the appropriate eligibility for the employee and send an email notification, including a worksheet (if applicable), informing them to go online and make their benefit elections. The following are considered **Data-Driven and Administrative Events**:

Event Code	Data Driven and Administrative Events # # Includes Worksheet	Event Generated By	Verification Document Required
01	Open Enrollment #	System	Yes
04	Newly Eligible #	System	Yes
09	Loss of Benefits Eligibility / Death	System	No
20	Death of Spouse	Admin	Yes
21	Death of a Covered Dependent Child	Admin	Yes
26	Death of a Domestic Partner	Admin	Yes
28	Addition / Update of Court Ordered Dependent	Benefit Rep	Yes
50	Active Employee Becomes Disabled #	System	Yes
51	Transfer Between Institutions #	System	Yes
56	Survivor Attains Age 65 #	System	Yes
61	Zip Code Change #	System	Yes
65	Waiver of Premium	System	Yes
66	Voluntary Plan Changes	System	Yes
68	Employee Salary Change	System	Yes
69	SEL Coverage Reduction Based on Age	System	Yes
70	New Survivor #	System	No
81	Employee/Spouse Date of Birth Change	System	Yes
82	Employee Pay Cycle Change	System	Yes
83	Retirement Plan Election Change	System	Yes
84	New Retiree #	System	No
85	Employee Becomes Medicare Eligible #	System	Yes
86	Retiree's Spouse Becomes Medicare Eligible #	System	Yes
87	Administrative Override (No Confirm)	Benefit Rep	No
95	Administrative Override (Confirm)	Admin	Yes
96	EOI Approval	Benefit Rep	Yes
97	Administrative Override	Benefit Rep	Yes
98	Demographic Data Change	Benefit Rep	Yes

Verification Documents

As indicated in the tables above, a verification document is required to confirm certain qualifying life events. Verification documents include, but are not limited to the following:

- Birth Certificate with Court Seals
- Marriage License / Certificate with Court Seals
- Copy of Adoption Papers with Court Seals
- Copy of Guardianship Papers with Court Seals
- Divorce Decree with Court Seals
- Written Approval of Disability Status.

Documentation showing eligibility must be provided to the institution's HR Department within 30 days from hire date or qualified family status change, or 30 days from enrollment date during open enrollment. Compliance will be in accordance with the USG Human Resources Administrative Practice Manual: Employee Benefits & Services – Appendix 1 (http://www.usg.edu/hr/manual/group_health_insurance_for_dependents).

Note: In the event of an inter-institutional transfer with the same benefits enrollment, a reattestation is not required; however, if the benefit package at the new institution includes new benefit plans unique to the new institution, and new enrollment is required, the new institution should verify benefit eligibility and maintain records accordingly.

Document Retention

In accordance with the USG Records Retention Manual G18 Employees Benefits Records, supporting documents for Qualifying Life Events should be retained by the institution for six (6) years after discontinuation or change of benefits.

5.1.2 Service Date Accrual Time

When a non-benefited, non-accruing employee is promoted to a benefited, accruing position, the Human Resources (HR) department at the institution is responsible for updating the employee's Job Earnings Distribution information in the Payroll System.

Moving From a Non-Benefited to a Benefited Position

Upon moving from a temporary, non-benefited position to a benefited position, the employee's Service Date must be updated by the institution to reflect the day the employee became eligible to earn vacation and benefit privileges. If this Service Date is not updated, then the information will process through the Time and Labor System and back-date to the original service date thus giving the employee accruals in error. This could result in incorrect accruals and a possible audit finding at the institution.

When an employee has this type of change, their Service Date must be updated to reflect the date of their first day worked as a benefited-accruing employee. Unlike a transfer, a non-benefited employee is not eligible to carry over their years of service once promoted. A transfer (either to a different department at the same institution or from one institution to another) is eligible to keep their Service Date as their original hire date as a benefited-accruing employee as long as there is less than 30 days in their break of service between jobs and they are also transferring to a benefited position.

Moving from a Benefited Position to a Non-Benefited Position

An employee who transfers from a benefited position to a position that is non-benefited (either to a different department at the same institution or from one institution to another) is eligible to keep their Service Date as their original hire date as a benefit-accruing employee as long as there is 30 days or less in their break of service between employment dates.

Accruals – Vacation / Leave

According to BoR policy 8.2.7.1, a regular employee, as defined in the Human Resources Administrative Practice Manual, who works part-time (20 hours per week) or more shall earn paid vacation/annual leave. A full-time regular employee shall be entitled to vacation/annual leave at a rate based on years of service as stated below:

1. One and one-fourth working days per month (10 hours) from 1 month to 4 years 11 months continuous employment;
2. One and one-half working days per month (12 hours) for years 5 to 9 years and 11 months of continuous employment; and,

3. One and three-fourths working days per month (14 hours) for 10 years plus of continuous employment.

The accrual rate of vacation/annual leave for an hourly employee will be based upon his/her standard work commitment. The use of approved vacation/annual leave shall be recorded on institutional leave records. Employees will receive accruals on the 28th day of each month pending they are in active status on the 15th day of each month. If a new employee begins work with the USG after the 15th of the month then they are not eligible for accruals until the next full month of service.

In accordance with the Human Resources Administrative Practice Manual, a regular employee who works part-time or more but less than full-time shall accrue vacation/annual leave prorated on the basis of full-time employment.

In accordance with the Human Resources Administrative Practice Manual, an employee who works less than part-time (less than 20 hours per week) shall not be eligible to accrue vacation/annual leave.

Accrual by Temporary Employee

A temporary employee, as defined in the Human Resources Administrative Practice Manual, is not eligible to accrue vacation/annual leave and therefore, will be set up as having NO ACCRUALS in the 3rd Party Vendor Payroll and Time and Labor Systems.

Accrual by Faculty and Administrative Officers

A full-time faculty member who works 12 months out of the year is considered eligible to accrue paid vacation/annual leave at one and three-fourths days (14 hours) per month.

A full-time administrative officer who works 12 months out of the year may be considered eligible to accrue paid vacation/annual leave at one and three-fourths days (14 hours) per month. Each institution will have a written definition of “administrative officer” at the institution as it applies. The Chief Human Resources Officer (CHRO), in coordination with the Office of Academic Affairs, should maintain the approval list for their specified institution.

Both of these classifications should be placed in an accrual profile that states the employee accrues at a “Vacation 14-Qualified” hidden rate. These accrual profiles are traditionally associated with the “Y” pay group unless a customization was made to a pay group for a specific institution.

A full-time faculty member who works 10 months out of the year is NOT considered eligible to accrue paid vacation/annual leave.

Upon termination, an employee is to be paid for any vacation/leave time not used, up to 360 hours (45 days).

When an employee in an accruing status move to a non-accruing status, such as 10 Month (“F” paygroup) faculty, the employee should also receive a payout for hours earned up to 360 hours (45 days).

Note: When a 12-month faculty member or administrator returns to the faculty on a 10-month status, payment to the employee should be made for any vacation/leave time not used, up to 360 hours (45 days).

On December 31st of each calendar year, the Time and Labor system will automatically reset employee vacation balances that exceed 360 hours (45 days). An employee planning to use accrued annual leave in excess of 360 hours should enter the amount to be taken in their timecard prior to December 31st and take the time or it will be forfeited. If the hours are recorded after January 1st, the hours will be deducted from the current total available.

Employee Transfer to Another Institution

Upon a transfer from one USG institution to another, with no break in service, an employee must transfer all accrued vacation/annual leave up to 160 hours (20 days). If the employee has greater than 160 hours (20 days) of accrued vacation/annual leave, he/she may elect one of the following options:

1. Transfer the entire balance not exceeding the maximum 360 hours (45 days): or,
2. Request a vacation payout from the institution the employee is transferring from for the remaining balance after the 160 hours (20 days) is transferred. The maximum amount of hours an employee can be compensated for at this time would be 200 hours (25 days) to equal the 360 hours (45 days) maximum balance (160 hours transferred + 200 hours paid out = 360 hours).

Verification of Leave Accrual Amounts

It is the responsibility of the institution to monitor beginning balances and activity throughout the year for each employee to ensure that all leave amounts are documented and posted in the Payroll System in accordance with the institution’s annual leave policy. The institution should periodically validate leave calculations and wages distributed as in the Compensated Absences Reports for accuracy, especially at year-end, prior to completing year-end journal entries associated with compensated absences.

The institution shall perform periodic assessments of leave use for reasonableness in order to identify instances where employees are not taking leave when absent from the institution and to ensure that leave time is available for use.

5.1.3 Leave Accrual for Summer Faculty

The Board of Regents Policy Manual (Section 8.2.7.1) states:

> “A faculty member employed on an academic year (9- to 10-month) basis does not earn vacation/annual leave. An academic year contracted faculty member who teaches during Maymester and/or summer semester will not be eligible to accrue vacation/annual leave for such service.”

As defined in the BoR Human Resources Administrative Practice Manual, Time Away From Work section, administrative policy allows academic year (9 to 10 month basis) faculty members to accrue sick leave during the period of their contract. Sick leave is accrued at the rate of 8 hours per month worked. If an academic year-contracted faculty member teaches during the summer months, then the sick leave accruals during the summer are based on the percentage of time worked by the faculty member with a maximum amount of 16 sick hours earned per summer. This amount is calculated by dividing the total credit hours the faculty member is teaching by the number of credit hours considered to be “full-time” for summer employment, which has been previously determined to be 9 credit hours. Finally, this number is multiplied by 16, which computes the number of sick hours earned.

A faculty member teaching

- 3 hours would earn 5 hours for the two-month period
- 6 hours would earn 11 hours for the two-month period
- 9 hours would earn the maximum 16 hours for a full summer load.

The process to update the Time and Labor system with Summer Faculty Sick credit hours is as follows:

At the end of the Summer Sessions, each institution should create a .CSV file containing the number of credit hours worked during summer classes and upload to the 3rd Party Vendor Payroll System using the EVRPT: Update Summer Credit Hours (EPIH009) process.

Once institutions successfully upload files to the 3rd Party Payroll System, the Shared Services Center (SSC) should be notified. The SSC will run the “Export Summer Credit Hours” process to consolidate all institution information to send to the 3rd Party Vendor Time and Labor System to complete the load to automatically populate the sick leave hours for each qualified employee.

Hours are added to each employee listed on the file based on a formula that was established by the USG: Credit Hours/9*16. The formula takes the credit hours earned for summer, which are listed for each employee on the Summer Credit Hours Export file, divides the number by 9 and then multiplies by 16 to determine the final number of sick leave hours the employee should receive for the summer months worked.

Once the 3rd Party Vendor Time and Labor Support Group runs the process in the Time and Labor System, the hours uploaded to the Time and Labor System database are posted and immediately available for employee use.

As soon as the process is completed, the SSC will notify all institutions so that they can verify leave calculations.

Document Retention

In accordance with the USG Records Retention Manual – Section G11 Classified Employees Personnel Records, supporting documents for Leave Accrual should be retained by the institution for seven (7) years.

5.1.4 Health and Wellness Reporting and Premium Remittance

Upon completion of monthly Carrier Enrollment Services (CES) reconciliation process, the SSC receives a data file from the 3rd party payroll vendor which is electronically distributed to the institutions. The institutions verify the accuracy of the 3rd Party Payroll Vendor's benefits funding invoice. The 3rd Party Payroll Vendor control report created during the monthly CES reconciliation process should reconcile to the 3rd party Vendor benefits funding invoice. The CES reconciliation process will generate accounting lines to the PeopleSoft Financials table and then generate those accounting lines to the general ledger history table.

The accounting lines generated will charge the appropriate

- general ledger 226xxx and 235xxx accounts for active participants and
- receivable accounts 129210, 129220, and 129230 for non-active participants with monthly premium amounts and credit the 3rd Party Payroll Vendor liability clearing account 229900.

  Note: The amount credited to 229900 should equal the total amount on the 3rd Party Payroll Vendor Control Report and equal to the benefits funding invoice issued by the Shared Service Center each month. When institutions receive notification from their banking institution of the 3rd Party Vendor benefits impound amount, a debit to the 3rd Party Payroll Vendor liability clearing account, 229900, and a credit to the institution's bank account is needed to offset the 3rd Party Vendor impound amount. The liability clearing account 229900 should have a zero balance after the 3rd Party Payroll Vendor impounds and until the next month's CES reconciliation process.

5.1.5 Life Insurance Reporting and Premium Remittance

The life insurance provider sends invoices to each institution monthly. This invoice provides a starting point, but does not actually determine the amount owed to the provider. Using the information from the Comprehensive Benefits Report, the Payroll Deduction Register, and the reconciliation process outlined in Section 5.1.11, each month institutions should:

- Reconcile the invoice from the insurance provider to the amounts produced in the comparison of the comprehensive benefits report to the payroll deduction register.
- Adjust the invoice from the insurance provider as required. If no invoice is received, proceed without the invoice using the adjusted comprehensive benefits report as an invoice.
- Using the adjusted invoice, prepare a payment check to the life insurance provider for the reconciled premium amount.
- Mail the check to the insurance provider, including a copy of the reconciled invoice and the summary pages from the comprehensive benefits report. The summary pages should identify each employee covered and the amount being remitted.

The life insurance premiums and edited invoice should be submitted by the 15th calendar day following the end of the month by the institution to each provider.

Note: Payment may also be made by ACH wire transfer, using the Wire Transfer Procedures Form.

Document Retention

In accordance with the USG Records Retention Manual – Section M10 Accounts Payable Records, supporting documents for Life Insurance and Premium Remittance should be retained by the institution for five (5) years.

Life Insurance Wire Transfer Procedures Form

5.1.6 Withholding Schedule for 10 Month Contract Employees

Ten (10) month contract employees are considered full-time employees for purposes of receiving benefits. They receive benefits for twelve (12) months, based upon the assumption their contract will be renewed for the next academic year. Payroll deductions for fringe benefits must aggregate 12 months of deductions within a 10 month salary delivery period. Normally, a contract for a 10 month contract employee begins in August and ends in May, with benefits continuing during June and July if the contract is renewed.

If a 10 month contract employee terminates employment at the end of the academic year (May), benefit deductions for the months of June and July will be refunded to the employee. Health and dental benefits would then be available under COBRA. Only when their contract is scheduled for renewal for the next academic year is the employee eligible to continue benefits during the months of June and July.

Deduction Schedule for Benefits

For 10 month contract employees who are paid monthly, during the months of January through May, the deduction amount will be the monthly premium multiplied by 7/5. This will allow for seven (7) months of premiums (January – July) to be deducted from five (5) monthly paychecks (January – May). From August through December, the regular monthly premiums will be deducted.

Benefit deductions are taken out of two paychecks per month for employees who are paid bi-weekly. For 10-month contract employees who are paid bi-weekly, the results of the calculations described above should be divided by two (2).

Inter-institutional Transfer

When a transfer occurs between USG institutions or the University System office with no break in service, the benefits of the employee shall be coordinated between the applicable human resources offices to ensure continuation of benefits without disruption. In these cases, coverage shall be handled as follows:

1. Insurance shall be maintained by the first institution through the end of the month in which the employee terminates and will begin with the new institution on the first of the month in which the employee begins employment to ensure continuous coverage.

   Note: Faculty transfers that occur at other times of the year will also follow this schedule.

2. Academic year faculty whose benefit premiums are withheld during January to May each year at a higher rate to cover premiums for the months of June and July, and who will transfer at the beginning of a new academic year, insurance coverage will continue through the end of July with the first institution and begin with the new institution to which the faculty member is transferring on August 1.

5.1.7 COBRA and Retiree Billing

COBRA Billing

Under the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA), employees or dependents enrolled in a health or dental plan when they experienced a qualifying event, which subsequently results in lost coverage, will become COBRA qualified beneficiaries. The employees or dependents have the option of continuing coverage under the University System of Georgia Board of Regents plan(s). Terms, conditions, and costs for coverage must be communicated to the eligible parties via notification letters. An election of COBRA must be made within sixty (60) days of the employee's termination, and payment must be made by the terminated employee within forty-five (45) days of that election. Once COBRA has been elected, these premiums must be made by the terminated employee on a monthly basis.

The 3rd Party Vendor will bill the participants monthly. If a participant is more than thirty-one (31) days delinquent, benefits will be terminated and collection procedures initiated to collect any outstanding balance. Coverage is cancelled automatically by the 3rd Party Vendor once the grace period has expired.

Payments are to be sent to the 3rd Party Vendor via check or money order made payable to the 3rd Party Vendor. The option of direct debit will not be offered as a payment option to anyone covered under COBRA. COBRA payments cannot be made by credit card.

COBRA - Refund Process

The 3rd Party Vendor receives a payment from the participant if:

1. there is no outstanding invoice to apply the payment to, it will reside as an overpayment, or credit, on the participant's account and will be applied to the next available invoice.
2. the participant's COBRA benefits are terminated, the refund process will automatically be started.
3. the participant's COBRA benefits are still active, the refund has to be requested through the 3rd Party Vendor's Participant Services or Client Services.

To process a refund for either 2 or 3 (above), the 3rd Party Vendor system generates the refund request and issues the refund check twenty-one (21) days after it is received. A refund check is not issued for twenty-one days because at any time prior to the 21st day a payment could potentially be rejected by the participant's financial institution. If the refund was sent earlier, it would be refunding money not really received. These refunds are sent via regular mail.

Retiree Billing

When an employee retires from active service with the University System of Georgia, participation in the health, dental, and supplemental life insurance plans may be continued into retirement if the member complies with the requirements as prescribed by the Board of Regents Policy Manual Section 8.2.9.4.

Electronic withdrawal of funds (auto debit or ACH) is the required method of payment from retirees for benefit premiums; i.e., the payment is electronically withdrawn from an account at a depository institution that is designated by the retiree to the 3rd Party Vendor, occurring on or around the 7th day of each month, which avoids the need for a paper check. Where auto debit is not possible, the institution can determine the appropriate alternative method of the retiree's share of premiums collection. Participants on auto debit (ACH) will not receive a monthly billing statement. They will receive a one-time letter advising of the amount due each month and that the money will be drafted from the checking account provided on or around the 7th day of each month. If a payment is ever returned by the financial institution for any reason, the auto debit (ACH) will be automatically turned off and notification will be sent to the participant by the 3rd Party Vendor. Monthly billing statements will be sent until the Auto Debit (ACH) is turned back on. Participants who have not set up auto debit (ACH) will continue to receive a monthly billing statement.

If a participant is more than sixty (60) days delinquent from the date of the bill, benefits will be terminated by the 3rd Party Vendor and collection procedures will be initiated by the institution to collect any outstanding balance.

Retiree Billing - Refund Process

Standard Refunds

The 3rd Party Vendor receives a payment from the participant if:

1. there is no outstanding invoice to apply the payment to, it will reside as an overpayment, or credit, on the participant's account and will be applied to the next available invoice.
2. the retiree's benefits are terminated, the refund process will automatically be started.
3. the retiree's benefits are still active, the refund has to be requested through the 3rd Party Vendor's Participant Services or Client Services

To process a refund for either 2 or 3 (above), the 3rd Party Vendor system generates the refund request and issues the refund check twenty-one (21) days after the request is received. A refund check is not issued for twenty-one days because at any time prior to the 21st day a payment could potentially be rejected by the participant's financial institution. If the refund was sent earlier, it would be refunding money not really received. These refunds are sent via regular mail.

Expedited Refunds

Expedited refunds are available for Retirees/Survivors who are on ACH (auto debit). These refunds are processed only if the 3rd Party Vendor has made an error resulting in excess funds being drafted from the participant's checking account.

Refund Request Made Within Five (5) Days

If the 3rd Party Vendor is made aware of an urgent request to refund a previous ACH debit within five business days of the initial debit, an ACH reversal of debit will be initiated to return the funds directly to the participant's account.

Refund Request Made Outside Five (5) Days

If the request is outside of the five-day window, the 3rd Party Vendor will issue an off-cycle urgent check refund. These refunds are processed on Mondays, Wednesdays and Fridays and printed for delivery. The 3rd Party Vendor agent will provide to the SSC the check # and tracking #. The check will be sent to the participant for next day delivery by the 3rd Party Vendor agent.

For example, if a request for an urgent refund is made on Monday, the check would be received on Tuesday by the 3rd Party Vendor agent. The refund check to the Retiree/Survivor would occur on Wednesday via overnight service.

Wire Transfer Option

In order for a refund to be sent via wire transfer rather than mailing a physical check, the participant would be required to make the request via the SSC ticket system. The SSC will coordinate the completion and submission of an ACH Transfer Authorization Form to the 3rd Party Vendor for ACH Reversal. If the completed form is received by the 3rd Party Vendor no later than 4:00pm EST on the day the refund is issued (Monday, Wednesday or Friday) the wire can be sent same day. If it is received after 4:00pm, then the wire would be processed the next business day.

Note: Each institution will reconcile their monthly paid premiums by using the Reconciliation process via PeopleSoft Financials. The 3rd Party Vendor provides a Supplemental Premium Distribution Report (PDR) each month to the institutions. This report advises the amount paid by each COBRA Participant and Retiree during the previous month. Each month institutions are also provided an Open Coupon report from the SSC which indicates the outstanding balance for each COBRA Participant and Retiree. Due to timing issues (payments received, premium changes, etc.), the two files may not always match since they are run at different times during the month. Both of these files are sent monthly to the Information Technology Services (ITS) group to be loaded to PeopleSoft Financials in order to assist with the reconciliation process.

Appeals Process

The SSC will approve a reinstatement only when there is an administrative error on the part of the bank, the 3RD Party Vendor billing or enrollment system, Vendor Eligibility file errors, or administrative error on the part of the institution. Any appeal to the denial of reinstatement will be directed to the Board of Regents.

Retiree Contacts Institution to Reinstate

1. Institution receives an appeals request for reinstatement from the retiree and forwards it to the Shared Services Center (SSC) via the ticket/case management system. Retiree contact information and any extenuating circumstances that will assist in the decision-making process should be included.
2. If additional information is required, the SSC will request this from the 3rd Party Vendor and/or retiree and document in the ticket.
3. The SSC will review any extenuating circumstances, including any institutional input, and make the initial decision to reinstate or deny reinstatement. The institution will be advised of the SSC decision via the ticket/case management system.
4. If the reinstatement appeal is approved, the SSC will notify the retiree of the required Board of Regents ACH mandate. Any retro premiums must be paid to bring the account to current status. **Note:** The retiree must set up ACH for future payments, even if they were not on ACH in the past. If the retiree is unable or unwilling to comply with the above, reinstatement will not be granted.
5. The SSC will advise the retiree that this is a one-time exception.
6. The SSC will notify the retiree in writing of the decision to reinstate or deny.

Retiree Contacts the Shared Services Center to Reinstate

1. The Shared Services Center (SSC) receives an appeals request from the retiree for reinstatement. The SSC enters the information to the ticket/case management system. The institution is added to the ticket for information and input purposes only. If the institution is aware of any extenuating circumstances, upon receipt of the ticket, they should notify the SSC by updating the ticket.
2. If additional information is required, the SSC will request the information from the 3rd Party Vendor and/or retiree and document in the ticket.
3. The SSC will review extenuating circumstances, including any institutional input, and make the initial decision to reinstate or deny reinstatement. The institution will be advised of the SSC decision via the ticket/case management system.
4. If the reinstatement appeal is approved, the SSC will notify the retiree of the required Board of Regents ACH mandate. Any retro premiums must be paid to bring the account to current status. **Note:** The retiree must set up ACH for future payments, even if they were not on ACH in the past. If the retiree is unable or unwilling to comply with the above, reinstatement will not be granted.
5. The SSC will advise the retiree that this is a one-time exception.

6. The SSC will notify the retiree in writing of the decision to reinstate or deny.

Reinstatement requests are reviewed on a case by case basis for extenuating circumstances. If a participant has not complied with the BoR requirement of making payments via auto debit (ACH), they will be required to sign up for auto debit if reinstatement is granted unless there is an approved exemption on file.

Note: The SSC electronically provides each institution with a Payment Report each month of all retirees/survivors for each institution. The report informs whether or not the participant is paid current and to what date they are paid. It also advises of the last grace date available to make a payment before the account will cancel and the payment amount due. Each month it is the institution’s responsibility to sort this file to identify those who are in danger of cancellation and notify them accordingly. Per BoR Policy, once coverage is cancelled, the retiree is no longer eligible to participate in any USG plan. Basic Life will be retained as this is an Employer-paid benefit.

Current Retirees

As part of the “exit process”, the institution should provide the exiting employee with instructions and form for completing the required auto debit enrollment. All employees reaching retiree status are required to enroll in auto debit within 30 days of retirement by completing an “Auto Debit Authorization Form,” unless granted an exemption as provided for herein. Once enrolled in auto debit (ACH), retirees are required to remain enrolled in auto debit unless their financial independence status changes and/or an exemption is requested and granted.

Auto Debit Authorization Form - Link

Exemption Process

A retiree may be exempted from participating in auto debit if he/she does not have an account at an eligible financial institution, and/or further provides a statement of a lack of financial independence. A retiree desiring to request an exemption from the auto debit requirement should do so by completing an "Auto Debit Personal Exemption Request Form." The Chief Business Officer (or his/her designee) at the retiree's institution has exclusive authority to grant any exemption from the auto debit requirement. An exemption may be granted for the reasons stated above (i.e., unable to acquire an account at a financial institution and/or further provides a statement of a lack of financial independence) or other specific situations that the Chief Business Officer (or his/her designee) may deem to be an extreme hardship. For those retirees who are granted an exemption, the institution will determine the appropriate alternative method of employee share of premiums collection.

In addition, the Chief Business Officer (or his/her designee) may grant an exemption to a retiree when it is determined that an alternative method of premiums collection is more advantageous to the institution. The exemption should be documented and a list of names maintained by the institution for future review as needed for auditing purposes.

Auto Debit Personal Exemption Request Form - Link

Document Retention

In accordance with the USG Records Retention Schedule G15 Continuation of Benefits (COBRA) Records (i.e., notices given to insurance administrators when employees leave the institution, current insurance packages, dates of termination, coverage end date, and dates of notice to the contractor) COBRA records should be retained by the institution for 3 years

In accordance with USG Records Management G7 Benefits Policies and Procedures Records, COBRA records currently maintained by the 3rd Party Payroll Vendor should be retained by the Shared Service Center for seven (7) years after the expiration of the contract with the 3rd Party Vendor.

5.1.8 Retirement System Reporting and Deduction Remittance

It is the policy of the Board of Regents (BoR Policy Manual 8.2.8.2) to provide for the retirement of all eligible regular full-time employees, either through the Teachers Retirement System of Georgia (TRSGA) or the Regents' Optional Retirement Plan (ORP). Employees eligible for the Regents' Retirement Plan shall be those employees identified in Board of Regents Policy Manual.

All other employees not eligible for either TRSGA or ORP are required to participate in the Georgia Defined Contribution Plan (GDCP) administered by the Employees Retirement System. Employees of state agencies that were participating and vested in the Georgia Employees Retirement System subsequent to being employed by the University System may elect to continue their participation in the Employees Retirement System. This is facilitated by state law. Reporting procedures for the Employees Retirement System are also included in this section.

Teachers Retirement System Reporting and Deduction Remittance

1. Payroll deduction data will be copied from the Payroll System into the PeopleSoft Financials application. The Shared Services Center (SSC) will load a work table with data from PeopleSoft Financials that will be submitted to the Teachers Retirement System monthly. This data file must include data detailed in requirements provided by TRSGA.
2. Institutions will be required to log into PeopleSoft Financials to perform adjustments to the data file and reconcile their TRSGA contributions once the SSC has notified them via email that the data file has been loaded.
3. After adjustments are completed, the SSC will extract the final tables that will be submitted to TRSGA.
4. The SSC will generate an official invoice using the TRSGA online monthly statement/billing form and will send it to each institution.
5. The SSC will process a reverse wire to extract funds from each institution that are referenced on the official invoice.
6. The SSC will submit the electronic data file to the Teachers Retirement System, using the web site's upload feature. This is a secure web site requiring a user ID and password for access.
7. The SSC will execute either a wire transfer or an ACH to transfer the payment amount on behalf of each institution.

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Employees Retirement System Reporting and Deduction Remittance

The Employees Retirement System (ERS) provides ERS Form 17E, Employees Retirement System of Georgia Monthly Salary and Contributions Summary Report, to be completed monthly.

ERS 17E Form

1. Payroll deduction data will be copied from the Payroll System into the PeopleSoft Financials application. The Shared Services Center (SSC) will load a work table with data from PeopleSoft Financials that will be reported to the Employees' Retirement System. The data file must include data detailed in requirements provided by ERS.
2. Institutions are required to log into PeopleSoft Financials to perform adjustments to the data file and reconcile their ERS contributions once the SSC has notified them via email that the data file has been loaded.
3. After adjustments are completed, the SSC will extract the final tables that will be submitted to ERS.
4. The SSC will complete the ERS Form 17E, using the amounts produced in the final extract tables.

   Note: This form provides spaces for completing information on the two different plans that may be in use at an institution.

5. The SSC will generate an official invoice from the ERS online monthly statement/billing form and will send it to each institution.
6. The SSC will process a reverse wire to pull funds that are referenced on the official invoice from each institution for the current reporting month.
7. The SSC will submit the electronic data file to the Employees' Retirement System using FTP transfer.
8. The SSC will execute a wire transfer each month to transfer the payment amount on behalf of each institution.

Georgia Defined Contribution Program Reporting and Deduction Remittance

An email notice from the Employees' Retirement System of Georgia with an attached ERS Form 17G, Georgia Defined Contribution Plan Monthly Salary and Contributions Summary Report, will be sent monthly to the institutions from the Georgia Defined Contribution Program (GA DefCon). ERS Form 17G will be completed and will serve as an invoice.

ERS 17G Form

1. Payroll deduction data will be copied from the Payroll System into the PeopleSoft Financials application. The Shared Services Center (SSC) will load a work table with data from PeopleSoft Financials that will be reported to the GA DefCon. The data file must include data detailed in requirements provided by ERS.
2. Institutions are required to login to PeopleSoft Financials to perform adjustments to the data file and reconcile their GA DefCon contributions once the SSC has notified them via email that the data file has been loaded.
3. After adjustments are completed, the SSC will extract the final tables that will be submitted for GA DefCon.
4. The SSC will complete the ERS Form 17G, using the amounts produced in the final extract tables.

   Note: This form provides spaces for completing information on the two different plans that may be in use at an institution.

5. The SSC will generate an official invoice from the GA DefCon online monthly statement/billing form and will send it to each institution.
6. The SSC will process a reverse wire to pull funds that are referenced on the official invoice from each institution for the current reporting month.
7. The SSC will submit the electronic data file to the Employees' Retirement System using FTP transfer.
8. The SSC will execute a wire transfer each month to transfer the payment amount on behalf of each institution.

Optional Retirement Plan Reporting and Deduction Remittance

The following companies manage Optional Retirement Plans (ORP) for the University System of Georgia. The same process is used to report to each of these companies:

- Fidelity
- TIAA/CREF
- VALIC.

1. Payroll deduction data will be copied from the Payroll System into the PeopleSoft Financials application. The Shared Services Center (SSC) will load a work table with data from PeopleSoft Financials to obtain detail on monthly employee deductions and employer matching amounts.
2. Institutions will be required to log into PeopleSoft Financials to perform adjustments to the data file and reconcile their ORP contributions once the Shared Services Center has notified them that the data file has been loaded.
3. After adjustments are completed, the SSC will extract the final tables that will be submitted for each ORP provider.
4. Each month the SSC will generate an official invoice with a summarization for each ORP provider and will send to each institution.
5. The SSC will process a reverse wire to pull funds referenced on the official invoice from each institution.
6. The SSC will submit the data file produced to each ORP provider either through a secure FTP transfer or through the provider's website, using the web site's upload feature.
7. The SSC will execute a wire transfer to transfer the payment amount to each ORP provider on behalf of each of the institutions.

5.1.9 Tax Sheltered Annuity (TSA) Deposits

Submission

The Department of Labor (www.dol.gov) requires a plan sponsor deposit 403(b) deferral, a 457(b) deferral, an after-tax contributions and loan repayments (employee contributions that have been taken from their employees' paychecks) on the earliest date the employer can reasonably segregate these amounts from its general assets, but in no event later than the 14 days after the end of the payroll period in which the employer withheld the contributions from the employee's paycheck.

While Department of Labor guidelines stipulate plan sponsors remit within 14 days, the Shared Services Center (SSC) will make every effort to deposit funds in parallel with the established payroll calendar's pay date. Funds will be deposited according to Safe Harbor requirements.

In the event an error that impacts an employee's Tax Sheltered Annuity (TSA) remittance is identified, the SSC will adjust the deposit at the first available pay date per the established payroll schedule (i.e., if an issue is identified prior to transmission, the transmission file and related deposit will be adjusted prior to the pay date).

Note: TSA deductions will not begin until employee enrollment in the benefit plan is complete and verified by the employee's institution. Employees will not be retroactively enrolled in a TSA. Withholdings will be taken on payrolls subsequent to a successfully verified enrollment. Institutions are responsible for developing internal deadlines and exception criteria for receipt of the TSA deduction form in order to ensure adequate processing time on campus. TSA deductions will be included in the current pay cycle only if institutional processing can be completed before the payroll is confirmed by the Shared Services Center.

5.1.10 Discontinuing Benefits for Retired Employees

A University System of Georgia (USG) retiree or career employee who, upon his/her separation of employment from the University System of Georgia, meets the criteria for retirement as set forth in BoR policy (BoR Policy Manual 8.2.8) shall remain eligible to continue as a member of the basic and dependent group life insurance and health and dental benefits plans. The University System shall continue to pay the employer's portion of the cost for such benefits.

Retiree coverage under the plans can be discontinued under one of three scenarios: 1) at the request of the retiree, 2) due to nonpayment of premiums, or 3) at the death of the retiree.

1. If a retiree requests to discontinue his/her coverage, the institution should ensure premiums have been paid through the agreed-upon date. Otherwise, the account should be paid in full prior to ending the relationship with the retiree. There should be a valid qualifying life event in order to allow the retiree to cancel coverage at a time other than open enrollment. Qualifying events must be verified, processed, and approved by the institution (see Section 5.1.9 for qualifying event information). In some instances, dependents of the retiree who were also covered may be eligible to continue coverage under COBRA. In those situations, COBRA paperwork by the 3rd Party Vendor will be generated automatically and forwarded to the dependents. Once coverage is cancelled, the retiree/survivor is no longer eligible to participate in any USG plan; however the retiree will retain their basic life coverage as this is an employer-paid benefit.

2. A retiree will be cancelled for non-payment of premium if his/her payments are 60 days or more delinquent. The coverage is cancelled automatically via the 3rd Party Vendor once the account is 60 days or more delinquent. A retiree whose coverage is discontinued due to non-payment of premiums will be notified at least twice of the impending cancellation by the 3rd Party Vendor. The Shared Services Center also offers the opportunity for retirees to identify an "alternate financial contact". By identifying an alternate financial contact, the retiree authorizes that person to discuss the status of the retiree's benefits and have the ability to arrange premium payments on the retiree's behalf. This would minimize the potential that benefit premiums might not be paid due to circumstances related to travel, health, or other situations. Once the account is past due, each billing statement thereafter will include the current amount due and its grace date and any past due amount along with the grace date for that amount. If the retiree is not responsive, the coverage will be canceled effective the date through which the account is paid. It is the responsibility of the institution to collect any outstanding balance due.

   The SSC provides each institution with a Payment Report each month of all retirees/survivors for each institution. The report includes information as to whether or not the participant's payments are current and to what date they are paid. It also advises of the last grace date available to make

a payment before the account will cancel and the payment amount due.
Each month it is the responsibility of the institution to sort this file and identify those who are in danger of cancellation and notify them accordingly. Once coverage is cancelled, the retiree is no longer eligible to participate in any USG plan. Reinstatement requests are reviewed on a case by case basis for extenuating circumstances. If a participant has not complied with the BoR Policy Manual Section 7.5.1.1 requirement of making payments via auto debit (ACH), they will be required to sign up for auto debit if reinstatement is granted, unless there is an approved exemption on file.

Note: Basic Life will be retained as this is an employer paid benefit.

Alternate Financial Contact Form - Link

3. Upon the death of a retiree, health and dental benefits should be discontinued. Additionally, life insurance benefits must be paid out (handled by the institution). The dependents of a retiree who dies and who had retired under TRS (Teachers Retirement System) eligibility rules may remain in the group for life and health insurance purposes with the University System. The survivors are only permitted to continue with any active benefit in place upon the death of the retiree. They are not permitted to add anything new. Upon the death of a retiree (BoR Policy Manual Section 8.2.9.2), his/her dependents shall remain eligible to continue participating in the group health insurance program. The University System shall continue to pay the employer portion of the cost of the group health insurance for the surviving dependents. If the deceased retiree had elected to participate in the dependent life insurance program while in active service, his/her dependents shall remain eligible to continue participating in this program. The surviving dependents will be responsible for the entire cost of the dependent life insurance.

Once an account is cancelled, if there is an outstanding balance, it is the institution's responsibility to contact the participant in an attempt to recoup any expenses paid by the institution. If there is a credit on the account, the funds would be refunded to the participant's address on file. If the participant is deceased, it is the institution's responsibility to advise SSC of the individual's POA (Power of Attorney) or Executor's name and address so the refund and/or billing statement can be redirected accordingly.

In no event shall the spouse of the deceased continue in the group after remarriage. Dependent children may remain in the group until they reach the legal age of majority, or until they become eligible for another group benefits plan, whichever comes first.

5.1.11 Reports and Reconciliation

Before beginning the process at the end of the month for health care and life insurance reporting and premium remittance, each institution should run the following report segments and perform reconciliation to facilitate the process:

- Health and Wellness Reconciliation and Reports
- Benefits Report
- Payroll Deduction Register
- Reconciliation – Health and Wellness
- Accelerated Deduction Schedule

Health and Wellness Reconciliation and Reports

The reconciliation of Health and Wellness benefits is processed in PeopleSoft Financials. Before monthly reconciliation begins, the Shared Services Center (SSC) receives a premium transaction detail file (data dump) from the 3rd Party Payroll Vendor. The Information Technology Services (ITS) group load the file into the PeopleSoft Financials database. Once the file has been loaded, institutions are advised that accounting entry creation and reconciliation may begin.

Benefits Report

After successful completion of monthly Carrier Enrollment Services (CES) reconciliation processes, each institution should generate reports from within the PeopleSoft Financials database to provide detail by employee and benefit plan, total premiums by employee share and employer share, and appropriate totals. The following reconciliation and statistical reports are available:

1. Personnel Services Detail, CES Reconciliation Detail, CES Premium Reconciliation Report
2. 3rd Party Payroll Vendor Net Receivables Report
3. 3rd Party Payroll Vendor Retiree Receivables Aging Report
4. Open Coupon Query.

Payroll Deduction Register

Each institution must generate a Payroll Deduction Register (EVRPT: PAY001 Deduction Register) using the Payroll System. This report must provide:

- Employee payroll deductions taken each pay period sorted by deduction name, deduction category, or deduction code
- Detail by employee, deduction, and appropriate totals.

Note: The Payroll Deduction Register (PAY001) may be used by institutions per payroll for review but it is not used for Benefits Reconciliation. Institutions may use the PeopleSoft Financials Report BOR022 (Reconciliation Portal). The BORR022 query provides all deductions taken with the deduction name, deduction category and/or deduction code in an Excel spreadsheet format, which may require filtering and/or pivot tables.

Reconciliation – Health and Wellness

Each institution should reconcile the Health and Wellness benefits each month using the CES reconciliation process output report data. The reconciliation will:

- Identify any payroll deduction errors to be corrected.
- Identify any BOSS/Winflex/CES enrollment issues to be corrected.
- Produce reconciling items used to reconcile general ledger accounts.

Institutions must notify the appropriate personnel of any one-time deductions, refunds, or discrepancies discovered during the reconciliation. Personnel to be advised may include institutional Payroll/HR Operations, the Shared Services Center (via the SSC's ticket/case management system) or the 3rd Party Payroll Vendor Carrier Enrollment Services.

Note: These same reconciliations will be used in the next month's reconciliation but with the opposite "sign".

Accelerated Deduction Schedule

A reconciling factor for some deductions will be the accelerated deduction schedule for some employees. As discussed in Section 5.1.6, Withholding Schedules for 10 Month Contract Employees, the January through May deductions for 10 month faculty are increased to include the benefit premiums for June and July.

Additional Documentation Reports

- CES Reconciliation Detail Query – data and associated pivot table data used to reconcile accounts
- CES Premium reconciliation Report (BORR025)
- Faculty Reconciliation Jan-Jul
- Faculty Paygroup query data
- CES Control Group
- 3rd Party Payroll Vendor Benefits Funding Invoice and associated journals
- General ledger accounts reconciliation spreadsheet
- General ledger history reports.

Document Retention

In accordance with the USG Records Retention Schedule M8 General Ledger Reconciliation Records requirement, monthly reconciliation reports and working papers should be retained by the institution for seven (7) years.

5.2 Taxes

Institutions of the University System of Georgia must conform to applicable Federal and State regulations concerning timely remission of various employee deductions and employer matching funds. This section provides a brief overview of these requirements.

Under Federal and State regulations employers are required to deduct and withhold Income Tax, Social Security Tax and Medicare Tax when the employee is paid. These deductions must be made according to the tables or procedures established by the Secretary of the Treasury and the State Department of Revenue. The employer is also required to pay the full amount of income tax withheld to the appropriate agencies and file periodic tax returns. Topics in the BPM Section 5.2 Taxes include the following sub-sections as related to Payroll and in adherence to the sources listed above.

1. Election to withhold taxes from employee's paycheck
2. Set-up employees tax withholding election in the Payroll System
3. Annual verification of employees claiming exempt from withholding
4. Withholding from employee paycheck
5. Tax Funding
6. Payment of withholdings to tax agencies
7. Submission of returns to tax agencies
8. Federal Form W-2 Wage and Tax Statement provided to employees annually.

5.2.1 Election to Withhold Taxes from Employee's Paycheck

New Hire Election to Withhold

As part of the new hire process at each institution, employees are required to complete a Federal Form W-4 Employee's Withholding Allowance Certificate, as well as a State of Georgia Withholding Certificate, Form G-4, as appropriate, and return the Forms to the institution. If the employee does not provide an original, complete, valid, signed W-4, the employer must set up withholding as if the employee were single with zero withholding allowances. Failure to provide a proper State withholding certificate also allows for similar default withholding as indicated on the individual forms.

Social Security and Medicare are withheld based on the employee's classification in the Payroll System set up at the institution level as part of the new hire process and in accordance with guidelines set forth by the Social Security Administration (www.ssa.gov).

Changes to Election to Withhold

Employees are responsible for submitting any changes to their W-4. Changes can be submitted either by paper copies provided to their institution's Human Resources/ Payroll Office or by electronic copy via the 3rd Party Vendor's Self-Service Portal.

Document Retention

In accordance with USG Document Retention Schedule G69 Tax Withholding Authorization Records, tax forms and documentation records should be retained for five (5) years after superseded or employee separates.

5.2.2 Set-Up Employees Tax Withholding Election in the Payroll System

Institutions are responsible for setting up payroll tax withholding screens in the Payroll System for each new employee utilizing the withholding certificates (i.e., Federal W-4 and Georgia G-4) provided by the employee.

For employees utilizing the 3rd Party Vendor's Self Service Portal to change their tax withholding, tax changes feed automatically into the appropriate tax panels in the Payroll System by the 3rd Party Vendor.

Document Retention

In accordance with USG Document Retention Schedule G69 Tax Withholding Authorization Records, tax forms and documentation records should be retained for five (5) years after superseded or employee separates.

5.2.3 Annual Verification of Tax Exempt Status

Employees claiming “exempt” from Federal and/or State of Georgia withholding must renew their exempt filing status annually by February 15.

Each January, the USG Shared Services Center’s Payroll Team sends a reminder to the institutions to contact employees claiming “exempt from withholding” to renew their filing status. Institutions are advised to use ADPR USG FICA Exceptions to identify these employees. Each institution should notify the Shared Services Center Payroll Team via the SSC’s ticket/case management system once this task is complete in order to track compliance.

Each year, the institution is responsible for sending a notification to any employee claiming exempt status that a new Federal Tax Withholding Form W-4 or Georgia State Withholding G-4 is required. If the employee has not completed a new form(s) by February 15 of the current year, the institution is required to change the employee to a withholding status of single with zero withholding allowances.

Once the employee has either updated their W-4 / G-4 or the institution has updated the employee's record to that of single with zero withholding allowances, a confirmation via the SSC’s ticket/case management system should be sent to the Shared Services Center for tracking purposes.

Document Retention

In accordance with USG Document Retention Schedule G69 Tax Withholding Authorization Records, tax forms and documentation records should be retained for five (5) years after superseded or employee separates.

5.2.4 Tax Withholding from Employee Paycheck

Tax withholdings from employee's paychecks are based on tax tables and guidelines established by the IRS and other governing tax agencies. (See IRS Circular E (www.irs.gov) published annually and State Employer Tax Guides (https://etax.dor.ga.gov/taxguide). This information is managed and maintained in the Payroll System by the 3rd Party Payroll Vendor. Based on these tables and the employee's classification in the Payroll System and their withholding election, taxes are withheld from the employee's paycheck.

5.2.5 Tax Funding

Following each final payroll process the 3rd Party Payroll Vendor will initiate a reverse wire transfer from each institution's bank account two days prior to each check date. The 3rd Party Payroll Vendor will only initiate reverse wire transfers for the net tax impound in accordance with their "two days in advance of pay date" rule. Off cycle checks, once confirmed, may impact the frequency of these wires if the net liability incurred requires early payment for compliance purposes.

Any adjusting transactions which are processed by the 3rd Party Payroll Vendor between check dates will generate an "invoice" notice. These invoices are faxed to the impacted institution and should be used as a "receipt" for the pending transaction which remains "open" until the net funds due are impounded as a part of the next processing.

5.2.6 Payment of Withholdings to Tax Agencies

Once impounded from the institutions, the 3rd Party Payroll Vendor submits tax payments to the taxing agencies on behalf of the USG following the terms of the 3rd Party Payroll Vendor's service level agreement with the USG and in accordance with the guidelines set forth by Federal and State Taxing Agencies.

5.2.7 Submission of Returns to Tax Agencies

The Shared Services Center (SSC) serves as a liaison between the institutions and the 3rd Party Payroll Vendor to coordinate, review, and approve tax returns for submission to the Federal and State Tax Agencies. The SSC provides a submission schedule to the institutions at the end of each tax reporting period (quarterly and annually) including recommended reports to review. (See guidelines for institutions' responsibility for review and balancing of tax returns at the end of this Section 5.2.7.) The SSC provides assistance to institutions with troubleshooting and balancing issues as requested. Requests for assistance are submitted by the Institutions via the SSC's ticket/case management system. Institutions provide approval for returns to be filed by the scheduled deadline by submitting an approval notice via the SSC's ticket/case management system.

Once the institutions have completed this process and approved their final returns for submission, SSC coordinates the consolidated approval for all institutions and forwards to the 3rd Party Payroll Vendor for processing. The 3rd Party Payroll Vendor generates and mails and/or makes available electronically all returns on behalf of the University System of Georgia (USG) by the due date in accordance with their Service Level Agreement with the University System of Georgia (USG) and with the guidelines set forth by Federal and State Taxing Agencies.

Reporting to the Georgia State Department of Labor

Reporting to the Georgia State Department of Labor (www.dol.state.ga.us) consists of a quarterly listing of employees with salary for the quarter. The listing includes all employees except student employees, excluding student assistants and College Work Study Program employees. The 3rd Party Payroll Vendor submits tax returns on behalf of the USG following the terms of their service level agreement with the USG and in accordance with the guidelines set forth by Federal and State Taxing Agencies.

Although the quarterly listings are recapped on Department of Labor forms that were intended for collecting unemployment taxes, the University System of Georgia does not pay state unemployment tax. Instead of being taxed on payroll totals, the University System of Georgia is on a "reimbursable basis" meaning the USG pays for claims incurred.

The Department of Administrative Services (DOAS) (www.doas.ga.gov) bills each institution annually, usually in August or September. The institutions remit payments directly to the Department of Labor when paying the invoices.

Institution Responsibility for Balancing Quarter and Year-end Returns

AFTER EVERY PAYROLL IN PAYROLL SYSTEM:

1. Run EVRPT Tax Deposit Summary (TAX001) and enter all balances into a balancing spreadsheet (provided by SSC or institutions may create their own). This spreadsheet is used for comparisons at the end of each quarter.

2. Run EVRPT Payroll Balance Errors (TAX900) and correct all errors after each payroll.

Requests for assistance are submitted by the institutions via the SSC ticket/case management system.

AT END OF QUARTER IN PAYROLL SYSTEM:

1. Run EVRPT Tax Summary (TAX010) by month for each month in quarter. Enter all balances into spreadsheet for comparison with the TAX001 report and reconcile differences.

2. Run EVRPT Adjustment Audit Report (PAY035). Enter PAY035 balances into spreadsheet and reconcile discrepancies between TAX001 and TAX010.

3. After reconciling all reports, no out-of-balances should exist. If there are errors remaining, the TAX900 errors should be reviewed again to insure that all corrections have been made.

4. If an out of balance still exists that cannot be determined, the spreadsheet should be submitted (with all balances and details of the issue) via the SSC ticket/case management system for further assistance.

AT END OF QUARTER IN FACS SYSTEM:

1. Review the Quarter Balancing Results report in the 3rd Party Payroll Vendor's Financial & Compliance Services Website (FACS). Institutions should review the most recently published file for their institution and correct any errors as necessary. If no report file exists, there were no errors.

2. Review the Quarter Balancing Versions report in FACS. Institutions should review the most recently published file for their institution. The Impound column will show any balance or refund due on Form 941. The spreadsheet balances should be in agreement with the Quarter Balancing Versions report.

ANNUAL REPORTS IN THE 3rd PARTY VENDOR PAYROLL SYSTEM:

1. Run the Payroll Balance Errors (TAX900) report and correct all errors reflected on the annual report.

2. Run the Savings Plan Exception (TAX033) report and review to ensure employees are classified correctly so that they meet limit restrictions based on age, plan, etc.

3. Run the W-2 Balance Errors (TAX910ER) report and correct any employee errors. Review and verify any warnings for missing amounts in W2 boxes.

4. Run Form W-3 Summary (TAX915). All information contained on this report should coincide with the monthly and quarterly balancing spreadsheets.

Requests for assistance are submitted by the institutions via the SSC ticket/case management system.

ANNUAL REPORTS IN FACS:

1. Employee Quarter Error report in FACS (errors should be corrected prior to W2 approvals).

5.2.8 Federal Form W-2 Wage and Tax Statement Provided to Employees Annually

Federal Form W-2 must be completed and furnished to employees by the last working day of January of each year. The W-2 information for employees must also be submitted electronically to the Social Security Administration. The electronic submission also includes the summary data previously included on paper Form W-3 (Transmittal of Wage and Tax Statements). The deadline for electronic submission of Form W-3 is the last working day of March of each year.

Note: The institution is responsible for entering any taxable benefits (vehicle allowance, housing, etc.), into the 3rd Party Vendor's System. This is usually accomplished through the final payroll for the year. All taxable benefits must be entered by the submission schedule provided by the Shared Services Center.

Year-end W-2 information is available to all employees online via the 3rd Party Vendor's Self Service Portal. Employees have the opportunity to opt-in to receive an electronic copy. Those not signing up for the electronic copy will receive their W-2 via regular mail.

The Shared Services Center (SSC) works as a liaison between the institutions and the 3rd Party Payroll Vendor to coordinate, review, and approve W-2 forms for submission to employees and the Federal and State Tax Agencies. The SSC provides to institutions a submission schedule at the end of the reporting period (annually) including recommended reports to review. The SSC provides assistance to institutions with troubleshooting and balancing issues as requested. Requests for assistance are submitted by the institutions via the SSC's ticket/case management system. Institutions provide approval for W-2s to be filed by the scheduled deadline by submitting an approval notice via the SSC ticket/case management system.

Once each institution has completed this process and approved their final W-2's and annual returns for submission, the SSC coordinates the consolidated approval for all institutions and forwards to the 3rd Party Payroll Vendor for processing. The 3rd Party Payroll Vendor generates and mails and/or makes available electronically all W-2's and annual returns by the due date in accordance with their Service Level Agreement with the University System of Georgia.

The Shared Services Center (SSC) will receive a disk or electronic media from the 3rd Party Payroll Vendor of all W-2s processed. The SSC will retain the disk and provide replacement or duplicate W-2s to individuals as needed. The SSC requires a request for a duplicate or replacement W-2 by the individual or institution in need of a copy of the W-2 to be logged via SSC's ticket/case management system. The W-2 will be printed and mailed to the recipient or transmitted electronically to the institution as requested.

Document Retention

In accordance with USG Document Retention Schedule G71 Wage and Tax Statements, W-2 information should be retained for five (5) years.

Note: Prior to Tax Year 2011 each institutions is responsible for retention of W-2 information. Beginning with Tax Year 2011 the Shared Services Center is responsible for retention of W-2 information for the SSC-supported institutions.

5.3 Employee Pay

5.3.1 Method of Payment for Compensation and Expense Reimbursement

New and Rehired Employees

Electronic funds transfer (direct deposit) is the required method of payroll payments to employees. All newly hired or rehired employees on or after July 1, 2011, are required to enroll in direct deposit within thirty (30) days of hire or rehire and remain enrolled in direct deposit for the remainder of their employment. Institutions with procedures to issue the final payment to an employee leaving employment by paper check may continue that process. In addition, there may be unique situations where the institution may need to make payments via paper check (i.e., first payment for a new employee, off-cycle payments, etc.) or when the institution has determined that paper checks are the most cost-effective and efficient method of paying an employee or a group of employees. Newly hired or rehired employees will be required to sign the "Direct Deposit Notification Form," (retained at the institution) indicating their understanding and compliance with USG's direct deposit policy. Any such employee who does not complete the appropriate direct deposit information within (30) days of hire or rehire, and who is not granted an exemption as provided for herein, may be subject to dismissal.

Direct Deposit Notification Form - Link

Current Employees

All employees employed prior to July 1, 2011, receiving their pay by direct deposit or pay card will continue those processes. All employees employed prior to July 1, 2011, who are receiving their pay by a paper check are required to enroll in direct deposit by completing a "Direct Deposit Authorization Form," unless granted an exemption as provided for herein. Once enrolled in direct deposit or pay card, employees are required to remain enrolled in direct deposit or pay card for the remainder of their employment.

Direct Deposit Authorization Form - Link

Exemption Process

An employee may be exempted from participating in direct deposit if he/she does not have an account at an eligible financial institution, and further provides evidence that he/she cannot obtain an account at an eligible financial institution.

The institution's Chief Business Officer (or his/her designee) has exclusive authority to grant any exemption from the direct deposit requirement. An exemption may be granted only for the reason stated above (i.e., unable to acquire an account at a financial institution) or other specific situations that the institution's Chief Business Officer (or his/her designee) may deem to be an extreme hardship. An employee desiring to request an exemption from the direct deposit requirement will do so by completing a "Direct Deposit Personal Exemption Request Form." The exemption should be documented and maintained by the institution for future review as needed for auditing purposes.

In addition, the Chief Business Officer (or his/her designee) may exempt an employee, or category of employees, from participating in direct deposit if the institution determines it is more cost effective and efficient to issue a paper check. Documentation of this determination should be maintained by the institution for future review as needed for auditing purposes.

Direct Deposit Personal Exemption Request Form - Link

Pay Card Process

Employees that are granted an exemption from direct deposit will be paid in the form of a pay card.

Paper Check Process

As of July 1, 2011, electronic funds transfer (direct deposit) is the required method of payroll payments to employees; however, in limited instances, a paper check may be issued. Employees that are granted an exemption from participating in direct deposit or pay card, will receive a paper check. If an employment period is equal to or less than a two-week period, a paper check may be issued.

Any employee receiving pay by paper check will be responsible for notifying their payroll provider of address changes using the electronic 3rd Party Vendor Portal self-service method at their institution, or in writing if an electronic method is not available. If a paper paycheck is printed at the institution, the institution may select a method of distribution other than mailing if the alternate method is deemed to be more efficient and cost effective.

Lost Check Process

If an employee reports a lost check, the Payroll Practitioner at the institution should follow these steps:

1. Confirm in the check verification system that the check has not cleared.
2. If the check has not been cashed, issue a stop-payment on the check.
3. After issuing a stop-payment, reverse the check in the 3rd Party Vendor Payroll System.
4. Create an off-cycle (manual) check in the 3rd Party Vendor Payroll System.

Document Retention

In accordance with USG Document Retention Schedule G18 Employees Benefits Records, Direct Deposit Notification Forms and Personal Exemption Request Form records should be retained for six (6) years after discontinuation or change request.

5.3.2 Extra Compensation

Extra compensation may be paid to employees for tasks performed after normal business hours for duties not included in the employee's normal job responsibilities, provided the following three criteria are met:

1. The tasks must be outside of the employee's regular department.
2. The Departmental Agreement Form must be completed and signed by the appropriate department heads. Departmental Agreement Form
3. The employee must meet at least one of the criteria listed below (Criteria from the Official Code of Georgia Annotated Section 45-10-25):
    - Chaplain
    - Fireman
    - Licensed Physician
    - Dentist
    - Certified Oral or Manual Interpreter for Deaf Persons
    - Registered Nurse
    - Licensed Practical Nurse
    - Psychologist
    - Teacher or Instructor of an evening or night course or program
    - Professional holding a doctoral or master's degree from an accredited college or university
    - Part-time employee

Also, an employee meeting all three criteria listed above may be paid extra compensation for a task for another department during normal job hours if the task is not part of the employee's normal job responsibilities, and the employee takes annual leave for the portion of time that is being used for the task receiving extra compensation.

Employees that have been determined by the institution to be non-exempt, as defined by the Fair Labor Standards Act (FLSA), and are performing extra duties could qualify for overtime pay. Non-exempt employees should be paid at least the overtime rate or more.

Examples of situations justifying the payment of extra compensation are:

- An employee teaching a continuing education course after hours or while taking annual leave, when teaching the course is not part of the employee's normal job responsibilities.

  Note: This is allowable under the Official Code of Georgia Annotated Section 45-10-25, No. 15.

- A part-time public safety officer working extra hours to referee a ball game.

  Note: Georgia Code 45-10-25 does not apply to part time employees.

- A staff member with a master's degree doing web design for another department.

  Note: This is allowable if the required Departmental Agreement Form is completed and signed by the appropriate department heads and providing these services is not already a part of that employee's home department services.

In addition, the Official Code of Georgia Annotated Section 45-10-25, No. 10, allows for an exemption for an emergency situation that must be made to protect the health, safety, or welfare of any citizens or property of Georgia.

Under no circumstances should an employee receive extra compensation for a task while receiving normal compensation for the same time period. Extra compensation does not add to earnings used for retirement calculations, and no retirement deductions are taken from extra compensation pay.

Employees receiving extra compensation shall be paid said extra compensation through the institutional payroll. Such compensation shall be subject to existing Internal Revenue Service regulations as to taxability and/or withholding taxes. No compensation, as defined above and paid to employees who are on the institutional payroll, shall be paid as per diem and fees or as stipends.

5.3.3 Joint Staffing

The practice of employing faculty and other personnel by two or more institutions within the system during the same period of time is a recognized method of keeping costs to a minimum.

The Employment Compensation Agreement form has been developed to comply with the requirements of the Official Code of Georgia Annotated Section 45-10-25, No. 8. If the president of an institution wishes to delegate signature authority to department heads, etc. for this process, this must be done in writing with specific reference to the Official Code of Georgia Annotated Section 45-10-25, No. 8.

Employee Compensation Agreement Form

Due to the complexities of payroll-related reporting, only **one** institution may record and report the complete payroll activity for the shared employee, using the Employee Compensation Agreement Form with these guidelines:

1. The employee will be considered as a full-time employee at the home institution, and will receive full contract pay from the home institution.

2. Each institution sharing the time of the employee will budget its share of the employee's time (EFT) and dollars.

   Note: For contract employees, close coordination between institutions is necessary to ensure that the EFT and dollars do not exceed those noted in the employee's contract.

3. After the employee is paid by the home institution using the normal payroll methods, the home institution will enter the personal service expenditures into its accounting records as noted in the example starting on the second following page:

Example:

Institution A employs Mr. Smith at a salary of $60,000 per annum. An agreement is reached between institution A and institution B to have Mr. Smith teach one course for a semester at institution B, with the remaining course load being taught at institution A.

- Record the monthly personal services expenses at institution A as normal.

Dr. Salaries-Regular Faculty $6,000.00	Account 511100
Dr. FICA-Employer $372.00	Account 551100
Dr. FICA-Employer Medicare $87.00	Account 551200
Dr. Teachers Retirement $540.00	Account 552100
Dr. Group Insurance-Health $150.00	Account 553100
Dr. Group Insurance-Life $25.00	Account 553200
Cr. Cash in Bank-Payroll $7,174.00	Account 118500

- Record the amount due from institution B as an account receivable. In this example, assume that 1/3 of the costs* will be recovered from institution B.

Dr. Receivables-Other $2,391.33	Account 127100
Cr. Salaries-Joint Staffed $2,391.33	Account 539100

- Record the payment as a personal services amount on the records at institution B, in response to a billing or some other notice as arranged by the fiscal officers at each institution.

Dr. Salaries-Joint Staffed $2,391.33	Account 539100
Cr. Cash in Bank or Accounts Payable $2,391.33	Account 539100

- Record the payment as a receipt of settlement by institution A:

-

Dr. Cash in Bank-Demand Deposits $2,391.33	Account 118100
Cr. Receivables-Other $2,391.33	Account 127100

- The results of these transactions leave the proper amounts in the personal services accounts of each institution. For both institutions, however, Account 539100 will be a reconciling item when reconciling total payroll to total personal services. When financial records for all USG institutions are combined into one statement, the values in Account 539100 will net to zero.

4. Settlement of accounts between institutions may be affected by arrangement between the fiscal officers at each institution involved. The timing and method of settlements shall be at the discretion of these fiscal officers.
5. Fringe benefits related to the personal services dollars involved may be transferred if the fiscal officers concerned deem the amount material.
6. In instances where sponsored operations are involved, the overhead allowance in any given contract shall remain at the institution where the sponsored project is located.

   Note: Exceptions to this rule may be made if the amount is material. An amount shall be considered material if it exceeds fifty percent (50%) of the total overhead allowance for the sponsored project.

5.3.4 Limitation of Summer Faculty Pay

A faculty member teaching on a 10 month contract may receive payment for teaching summer session courses in addition to the payment received for the 10 month contract. Such payment for teaching summer session courses may not exceed 33 1/3 % of the 10 month contract amount for the just completed academic year.

5.3.5 Salary Expense Charges for Summer Session Payroll Expenses

To provide management information about the expense of operations for summer sessions, instructional pay for faculty teaching summer session shall be as follows:

- Full-time benefited summer faculty shall be charged to the six-digit account code starting with 5131xx titled “Salaries-Summer Faculty”, and
- Part-time faculty shall be charged to the six-digit account code starting with 5121xx titled “Salaries-Part-Time Faculty”,

For full-time benefited summer faculty (5131xx), the expenses related to fringe benefits shall be charged to the same six-digit account codes used for the fringe benefit expense distribution associated with the base salaries. For part-time faculty (5121xx), the FICA/MED associated with the summer compensation shall be the regular FICA/MED (5512xx) six-digit account code used by the institution.

Additionally, staff or administrators may be compensated to teach summer sessions. In situations where staff and administrators teach summer sessions, the policy for extra compensation should be followed.

5.3.6 Overtime and Compensatory Time

The standard workweek in the University System is forty (40) hours. Institutions are expected to adhere to the provisions of the Fair Labor Standards Act. The distribution of hours throughout the week is a scheduling decision left to the individual institution.

Overtime work shall be authorized by the institution for employees who are not exempt from the provisions of the Fair Labor Standards Act **only** when the work is deemed necessary by the president or a designated representative. Authorized approval documentation for overtime payment should be retained by the institution for audit purposes. Payment for overtime work will be made in accordance with the Fair Labor Standards Act.

Compensatory time may be granted in lieu of payment for approved overtime work at the rate of one and one-half hours of compensatory time for each hour of overtime work. Approved compensatory time is subject to a maximum accumulation of sixty (60) hours and must be expended by the end of the succeeding calendar quarter.

5.3.7 Relocation Expenses

An institution is permitted to pay relocation expenses of a specific amount that is detailed in **the original written offer** of employment. "Original written offer" is emphasized because any post-offer negotiated amounts will be considered a violation of the Gratuities clause of the Constitution of the State of Georgia.

Each institution that intends to pay relocation expenses should adopt written procedures, approved by the institution President, governing the practice. These procedures should reflect at a minimum:

- Budget constraints at the institution, with the maximum amount of relocation expenses that can be offered to a prospective employee;
- Specific positions or levels of positions that are eligible for payment of relocation expenses;
- Tax implications under IRS regulations (www.irs.gov);
    - **Note:** See IRS Publication 521 for moving/relocation taxation rules.
- Permitted expenses;
- Prohibited expenses;
    - For example, institutions should not end up owning someone's home in another location.
- Method of payment; and,
- Recordkeeping.

If the method of payment in the written policy is directly to vendors on behalf of the employee, all State of Georgia purchasing regulations apply. For example, moving company expenses exceeding $5,000 must be competitively bid.

Using the same example of moving company expenses exceeding $5,000 related to employee reimbursement as the method of payment, employees are required to obtain three (3) quotes and to submit the quotes to the institution as evidence that the company providing the lowest quote was selected.

Relocation expenses, if part of an institution's approved procedures that are generally not subject to tax withholding are:

- Moving household goods and personal effects, and
- Traveling, including lodging but not meals, from the employee's former home to the new home by the shortest and most direct route.

These reimbursements are fringe benefits excludable from the employee's income as qualified moving expense reimbursements. The institution should report these reimbursements in box 12 on the employee's Form W-2.

In general, all other relocation expenses reimbursed to an employee or paid on behalf of an employee are subject to tax withholding and reported as taxable wages in box 1 of Form W-2. For complete rules regarding relocation expense tax implications, see IRS Publication 521 (www.irs.gov).

All documentation related to relocation expenses, including the written procedures, quotes when required, and any other related documentation are to be maintained at the institution according to the Board of Regents Policy Manual, Section 10.4 Records Retention and as defined in the Board of Regents Records Retention Guidelines and Records Retention Schedules.

Relocation expenses are not subject to Continuous Audit reporting and should be reported in account 565xxx, Relocation Expense, for Generally Accepted Accounting Principles (GAAP) reporting.

Document Retention

In accordance with USG Document Retention Schedule M18 Moving Expense Records, moving and travel expense records paid by the institution should be retained for five (5) years.

5.3.8 Garnishments

The garnishment process is used when an employee's paycheck is subject to deductions for child support, unpaid taxes, or repayment of a debt. Garnishment deductions are considered involuntary and neither the employer nor the employee can control them. The law requires the employer to deduct from the employee's payroll the amount specified by the garnishment order and remit it to a court or government agency until the employee's debt is satisfied or a release order is received. Failure to deduct and remit payments subjects the employer to penalty equal to the amount to be deducted in addition to possible fines and interests.

Responsibilities of Institution

Upon receipt of a garnishment order, the institution should note the employee's full social security number (SSN) as it appears in the Payroll System. Once the SSN and signature have been verified and noted on the order, the order along with a cover page should be faxed by the institution to the 3rd Party Payroll Vendor. When the fax confirmation has been received by the institution, the order, cover page, and Vendor confirmation should be faxed by the institution to the Shared Services Center. The institution should ensure all digits are visible on the order. Tax levies that include both husband and wife should indicate which individual is the USG employee.

Responsibilities of the Shared Services Center (SSC)

The Shared Services Center does not assist creditors in collecting personal debts from employees except as legally required by garnishment proceedings.

Once the institution faxes the garnishment information to the SSC, the SSC maintains a log of all garnishment orders received from the institution. The log notes the name of garnishee, SSN, order date, case identification number, date garnishment order received by SSC, date Payroll Vendor acknowledges receipt of the garnishment order, the order type, State of the order, date and order loaded in the 3rd Party Payroll Vendor system and the garnishment identification number, amount ordered, and the institution submitting the order. The SSC receives an Acknowledgement Report showing the date the order has been received by the Payroll Vendor. The SSC responds to Garnishment Refund reports by notifying the institution of the employee refund. The SSC responds to an Unprocessed Withholding Report from the 3rd Party Payroll Vendor with requested information (i.e., due to incomplete employee information). The Shared Services Center distributes answers, interrogatories and payments to courts, plaintiff and/or attorney for writs of garnishment, wage assignments, and bankruptcy.

Responsibilities of 3rd Party Payroll Vendor

Upon receipt, the Payroll Vendor interprets and processes the garnishment order, notifies the manager of the employee that a garnishment order has been received, and produces and distributes responses and acknowledgments. In calculating the garnishment order, the 3rd Party Payroll Vendor prioritizes the garnishment by State rules, calculates disposable income by state/federal rules and loads the order so appropriate deductions can be made. When garnishment disbursements are made, the 3rd Party Payroll Vendor generates the required answers and checks. Tax levy payments, student loan payments, and child support payment are processed by the 3rd Party Payroll Vendor. All others are mailed to the SSC for processing. Questions concerning non-receipt of their payment, address change requests, or misplaced checks should be directed to the 3rd Party Payroll Vendor Customer Support group.

Document Retention

In accordance with USG Document Retention Schedule G52 Garnishment Records requirements, garnishment records should be retained by the 3rd Party Payroll Vendor for four (4) years after resolution. The SSC would receive all historical records and become primary owner at the end of the relationship with the 3rd Party Vendor.

5.3.9 Recovery of Wage Salary Overpayment to Employee

Overpayment of Wage / Salary Data to Employee

In the event that an employee, former employee, student worker, or retiree receives wage or salary funds resulting in overpayment, the institution should immediately contact the employee, former employee, or retiree and ask for a return of the overpayment in full, or set up a repayment plan and have them sign a promissory note agreeing to the terms of the repayment. As set forth in the promissory terms, complete repayment should occur as soon as possible.

If the employee has transferred to another institution, that institution can be designated (by agreement) to collect the funds via the payroll deduction process. The Shared Services Center should be advised via SSC's ticket/case management system of the repayment of funds in order to make necessary corrections to Total Wage / Salary / Taxes Paid (W-2 data) for the employee and institution.

In the event that the person is not cooperative in returning the funds, the situation should be reported to the institution legal affairs office and/or the BoR system office for guidance. A detailed record should be kept of all contact efforts (telephone, mail, in person). See BPM Section 16.4 Malfeasance Reporting (www.usg.edu/business_procedures_manual/section16 /manual/16.4_malfeasance_reporting) for further guidelines to include additional reporting requirements to the Office of Internal Audit and Compliance.

5.3.10 Time and Labor Management

Institutions are responsible for management of their employee worked time and paid time off utilizing the 3rd Party Vendor's Time and Labor Management System. Guidelines are provided in the BoR USG Employee User Guide for the Time and Labor Management System.

The Shared Services Center (SSC) Payroll Team is responsible for maintenance of the 3rd Party Vendor's Time and Labor Management System and monitors the usage and assignment of software professional and manager licenses. The SSC is also responsible for management of all Time and Labor System updates related to Transaction Assistant, time movement from Time and Labor to Payroll, Time and Labor user access, modification of employee group sets, update or reset of employee accrual balances, modification and maintenance of Pay Rules, Hyperfind, QuickNavs, and scheduling.

By the end of a payroll period, institutions are responsible for timecard verification and approval in the Time and Labor Management System up to and including sign-off. These processing steps are available in the Payroll Task list provided by the Shared Services Center Payroll Team as well as the BoR USG Employee User Guide for the Time and Labor Management System. After timecards for the pay period have been signed-off, the institutions submit Time and Labor Management detail and summary totals to the Shared Services Center Payroll Team for processing based on the payroll production calendar and schedules provided by the SSC.

Once time detail has been submitted by the institutions to the Shared Services Center Payroll Team, the institutions should not make any further changes to any employee's job panel information, additional pay, payline, etc. in the Payroll system.

The Shared Services Center Payroll Team exports Time and Labor details and imports them into the Payroll System for processing. The Shared Services Payroll Team completes payroll processing from paysheet creation through final payroll confirmation utilizing the payroll production calendar and schedules as well as the Payroll Task List and the Payroll Processing Manual.

Once the payrolls have been submitted to the 3rd Party Payroll Processor for final processing, the SSC will notify the institution that the payroll is complete and ready for post-payroll confirmation reporting at the institution.

5.3.11 Payroll Processing

At the end of a payroll period, institutions are responsible for timecard verification and approval in the Time and Labor Management System up to and including sign-off. These processing steps are available in the Payroll Task list provided by the Shared Services Center Payroll Team as well as the BoR USG Employee User Guide for the Time and Labor Management System. After timecards for the pay period have been signed-off, the institutions submit Time and Labor Management detail and summary totals to the Shared Services Payroll Team for processing based on the payroll production calendar and schedules provided by the Shared Services Center (SSC).

The Shared Services Payroll Team will complete payroll processing utilizing the payroll production calendar and schedules as well as the Payroll Task List and the Payroll Processing Manual. This process includes:

- Export approved time and leave detail from the Time and Labor Management System and import it to the Payroll System.
- Confirm that appropriate calendars are attached for processing
- Generate audits throughout the process including presheet audit, predistribution audit, and savings and retirement audits. Balance/validate the time and labor load, employer costs load, and the automated adjustment loads,
- Generate pending retro-pay and non-resident alien and Health Savings Account (HSA) match processes as necessary. Provide deductions not taken to institutions as necessary.
- Communicate with institutions throughout the process for error resolutions and verifications.
- Confirm final payroll process.

Once the payrolls have been submitted to the 3rd Party Payroll Processor for final processing, the Shared Services Center will notify the institution that the payroll is complete and ready for post-payroll confirmation reporting at the institution.

The 3rd Party Payroll Processor generates direct deposit payments, including pay cards, and checks as well as all other post confirm payroll processing in accordance with the service level agreement in place with the University System of Georgia. These post-confirm processes include but are not limited to:

- Print Services – generation and transmission of direct deposits, including pay cards, and checks.
- Funding Services – impound funding from institution for net payroll, taxes and garnishments.
- Tax Services – payment of employee and employer taxes and processing tax returns.
- Garnishment Services – garnishment set up and processing of payments.

5.3.12 Payroll Funding

Funding Flow for Check and Direct Deposits

The 3rd Party Payroll Vendor will initiate a reverse wire transfer from the Board of Regents individual institutions' bank accounts two days prior to each check date. Reverse wire transfers for net payroll funds are initiated in accordance with the 3rd Party Payroll Vendor's "two days in advance of pay date" rule. The sum of manual check net pays will reduce the amount due. Manual check net pays will deduct from the amount due on the same Run ID in which the manual check was entered.

Invoices are faxed to the institutions by the 3rd Party Payroll Vendor by 9:00am EST two days in advance of paydate. If the institution encounters a problem receiving the fax they should contact the Shared Services Center (SSC) for assistance. Net pay amounts are also available on several payroll reports within the Payroll System. Failure of timely funding can jeopardize the timely release for all checks and direct deposits for the USG.

Two days prior to the payroll, the reverse wire initiated by the 3rd Party Payroll Vendor sweeps several times a day to access funds, attempting to fund the institution's payroll. If the last daily sweep is unsuccessful when attempting to pull these funds, the 3rd Party Payroll Vendor will contact the SSC to address the funding issue with the institution. Upon notification, the SSC will contact the institution's practitioners and leadership to correct the funding issue. While there may be sweeps after 2:30pm it is best to fund early due to banking deadlines.

5.4 Reporting

5.4.1 Teachers Retirement System (TRS)

See BPM Section 5.1.8, Teachers Retirement System Reporting and Deduction Remittance, for reporting requirements for the Teachers Retirement System.

5.4.2 Employee Retirement System (ERS) and Georgia Defined Contributions (GA DefCon)

See Section 5.1.8, Employees Retirement System Reporting and Deduction Remittance and Georgia Defined Contribution Program Reporting and Deduction Remittance, for reporting requirements for the Employees Retirement System and the Georgia Defined Contributions.

5.4.3 Department of Audits and Accounts – Continuous Audit/Payroll

The Department of Audits and Accounts is charged by State law to compile annual listings of:

1. Salary Amounts and Travel Amounts for State Employees and
2. Amounts paid for “Per Diem and Fees” to corporations or to individuals that are not State Employees.

These reports are submitted on an annual basis after the close of the fiscal year. Although the reports are submitted annually, the University System of Georgia requires each institution to produce printed reports quarterly, and to reconcile each of these reports to the cumulative balances maintained for the respective account codes in the General Ledger of the financial system. For the quarterly reconciliations and for the annual report, the printed reports should be retained at the institution along with supporting documentation detailing the reconciliation to the balances contained in the General Ledger.

The actual annual reports to the Department of Audits and Accounts are submitted as data files transmitted electronically. The due date for these reports and the file requirements are contained in the instructions provided by the Department of Audits and Accounts each year. An example of the letter containing this information is shown below:

Letter from Dept. of Audits and Accounts

The file requirements for these reports are contained in the Enclosure that accompanies this letter*.

During the Audit or Review conducted by the Department of Audits and Accounts at each institution, these reports will be verified back to totals from the General Ledger.

5.4.4 Vets-100

The Vietnam Era Veterans' Readjustment Assistance Act of 1974, (VEVRAA) and its implementing regulations require contractors and subcontractors with federal contracts to submit the VETS-100 or VETS-100A Report by September 30th each year.

These reports identify four specified categories: disabled veterans, other protected veterans, Armed Forces service medal veterans, and recently separated veterans. For additional information regarding VETS compliance, institutions should refer to the Department of Labor website (www.dol.gov/vets/programs/fcp/main.htm). This website contains updated information regarding the VETS cycle.

It is the responsibility of each institution to submit that institution's data to the Department of Labor prior to the deadline established by the Bureau. It is the responsibility of the SSC to monitor any changes in the Department of Labor annual reporting requirements and to update the query (ADPR: SSC Vets100 All New Hires) so that institutions can extract this data from the 3rd Party Payroll Vendor database.

5.4.5 GA New Hires

In 1996, Congress enacted a law called the "Personal Responsibility and Work Opportunity Reconciliation Act," as part of Welfare Reform laws. Because of the enactment, there is a reporting burden for employers in all 50 states to report their new hires and rehires to their state directory. For specific questions relating to this reform, visit the "Georgia New Hire Reporting" website (http://newhire-reporting.com/ga-newhire/faq.aspx).

Institutional Responsibility

It is the responsibility of each institution to properly enter their newly hired employees into the 3rd Party Vendor Payroll System, including validation of the employee in the Federal eVerify system. Employees who have been entered with a job action of "Hire (HIR)", "Additional Job (ADL)", or "Rehire (REH)" will be included on official reporting for submission for new hire reporting.

Note: eVerify is an internet-based system operated by the Department of Homeland Security (DHS) in partnership with the Social Security Administration (SSA). The eVerify system uses federal databases to validate individual identities and work eligibility from the information furnished on the I-9 Form (http://www.uscis.gov). Organizations that hold contracts with the Federal government are required to use eVerify to verify the employment eligibility of their employees, regardless of citizenship, to work in the United States.

SSC Responsibility

It is the responsibility of the Shared Services Center (SSC) to submit the fully compliant Georgia New Hire Report to the Georgia New Hire Agency on the 1st and 15th of each month. This report is securely submitted by the SSC on behalf of the institutions directly to the Georgia New Hire Agency.

CAUTION: Employees who have actions other than Hire, Additional Job, or Rehire will not be included in the SSC Georgia New Hire Report. It is a requirement that the Business Process for New Hires be followed to ensure the institution remains in compliance.

5.5 Determination of Status - Employee vs. Independent Contractor

IRS regulations make it imperative that the University System of Georgia provides guidelines for determining whether certain personal service arrangements create an employer/employee or an independent contractor relationship. This has significance in that the institution is responsible for the payment and/or withholding of federal and state unemployment taxes, FICA, and income taxes for those individuals where an employee/employer relationship exists. Independent contractors are responsible for their own liabilities.

5.5.1 Factors in Determining Whether a Person is Considered an Employee or Independent Contractor

FACTOR	EMPLOYEE	INDEPENDENT CONTRACTOR
Instructions	Compliance with time, place, and manner	Controls the time, place, and manner
Training	Employer provides	Contractor provides
Integration	Service as a part of Business	Not a part of Business
Service Rendered Personally	Service rendered personally	May be delegated or contracted
Hiring, Supervising, and Paying Assistants	Employer provides	Contractor provides
Continuing Relationship	Ongoing, repetitive	Sporadic, uncertain of future benefit
Hours of Work	Employer sets	Contractor sets
Full-Time Required	Restricted to primary employer	Services offered to others
Premises	Employer provides	Contractor provides
Order of Sequence	Employer sets sequence of work	Contractor controls when work is performed
Oral/Written Reports	Employer requires on a periodic basis	Not required to submit oral or written reports except as part of contract

FACTOR	EMPLOYEE	INDEPENDENT CONTRACTOR
Payment by the Hour, Week, Month, or Completion	Periodic payments	Payment upon commission basis
Business/Travel Expense	Employer provides	Payment on job basis – included as part of contract
Furnishing Tools/Materials	Employer provides	Contractor provides
Significant Investment	Very little of own capital	Provides own capital
Profit/Loss	Not realized	Realizes own profit/loss
Working for More than One Firm at a Time	Limited primarily to employer	Offers services to others
Offering Services to General Public	Limited primarily to employer	Offers services to general public
Right to Discharge	May be terminated	Remedies under contract law
Right to Terminate	Employer has very limited liability in termination	Remedies under contract law

5.5.2 Continuing Education

The majority of cases where this “determination of status’ is involved would be in those situations involving continuing education classes. In general, the following table will dictate whether or not a person is to be classified as an employee or an independent contractor.

DURATION OF COURSE	STATUS
Short Course (less than two weeks, i.e., conference/workshop)	Independent contractor unless otherwise dictated by the twenty factors listed in Section 5.5.1
Non-Credit Course (two weeks or more, but less than a semester)	USG Employee
Credit Course (semester)	USG Employee

5.5.3 Additional Compensation for University System of Georgia Employees

BoR Policy Manual Section 8.3.12.4 “Research, Saturday Classes and Off-Campus Continuing Education” covers the conditions that must be met before additional compensation can be paid a University System employee. Institution employees who are paid for continuing education services must be paid via normal institutional payroll processes.

GA Law (Code Section 45-10-25) “Exceptions to prohibitions on transactions with State agencies” is specific as to the types of services that can be utilized between University System units and in each instance an agreement between the presidents of the institutions must be consummated.

Note: Please review Section 5.3, Employee Pay, for additional information.

5.5.4 Independent Contractors

Independent contractors are all other individuals who are not University System employees. A contract must be in force that covers substantially the following:

1. Statement that individual is responsible for all federal and state unemployment taxes, FICA, and income taxes.
2. Responsible for their liability insurance.
3. Statement that they do not consider themselves to be an employee of the institution, the University System, or State of Georgia.
4. Starting and completion dates of the program.
5. Responsible for their own professional development.
6. Will not require that office space be provided.
7. Will not be performing "extra work" for the institution.
8. Generally, compensation based upon completion of contract and not on an hourly basis.
9. Subject to contract remedies under contract law.

5.6 Security Access to Systems

The Institutional Security Administrators (primary and backup), appointed by the Chief Business Officer (CBO) at each institution, are responsible for ensuring that the appropriate level of security is awarded to the Practitioners at their respective institution. The Institutional Security Administrator should identify access required for the operators ensuring compliance with the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley, SOX) and USG policies and procedures and submit to the Shared Services Center. Security access is validated locally for all requested access before making the request to the Shared Services Center.