

**STATE OF MISSISSIPPI
DEPARTMENT OF FINANCE AND ADMINISTRATION**

TOPIC	PAYROLL	SUB-SECTION 15.00.00
SECTION		ISSUANCE DATE February 12, 2009
SUB-SECTION	INDEX	REVISION NUMBER 09-007

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TOPIC	PAYROLL	SUB-SECTION 15.10.10
SECTION	OVERVIEW	ISSUANCE DATE May 30, 2008
SUB-SECTION	INTRODUCTION	REVISION NUMBER 08-005

INTRODUCTION

PURPOSE

Section 7-7-9, Miss. Code Ann. (1972), directs DFA to maintain a complete system of general accounting to comprehend the financial transactions of every state department, division, officer, board, commission, institution or other agency owned or controlled by the State, except those agencies specifically exempted. Section 7-7-27, Miss. Code Ann. (1972) assigns DFA the authority to pay all claims against the State as the result of purchases, services, salaries, travel expense or other encumbrances made or liabilities incurred by any officer, department, division, board, commission, institution or other agency of the state authorized to incur such obligations. All payroll processing is handled through the Statewide Payroll and Human Resource System (SPAHRS).

OVERVIEW

SPAHRS creates employee and contract worker payroll information; establishes default accounting distributions; reports time and accrues leave; calculates pay; posts the related accounting transactions to SAAS; and makes adjustments or reallocations to prior payrolls. SPAHRS generates payments for payrolls, vendors, and contractual workers. SPAHRS also handles required federal and state reporting.

The Human Resources (HR) section of SPAHRS contains data used in the payroll process. Work schedules input into the HR section create time sheets. SPAHRS records the rate and frequency of pay, as well as other types of additional compensation on position and worker records. When reporting time or earnings for additional compensation, the system verifies the earnings code for the agency and the position.

PROCESSING

SPAHRS processes payments for all State employees and contract workers. Each agency's annual appropriation bill denotes the number of authorized employee positions and whether the positions are full-time, part-time or time-limited. The number of positions entered into SPAHRS each year establishes controls for payroll processing. SPAHRS has controls to ensure proper processing of benefits in accordance with the governing regulations.

Contracts are generally required for contract workers. Workers, whether in a contract or not, must be established in the system using a Worker Identification Number (WIN). Prior to hiring a contract worker, determine if the individual is a contract worker or an independent contractor. To assist in making this determination, SPB has provided guidelines in the SPB Contract Procurement Regulations, Appendix C, which is available at www.spb.state.ms.us. SPAHRS pays contract workers and SAAS pays independent contractors.

The agency maintains documentation authorizing deductions from gross pay. Examples of deductions include taxes, retirement, insurance premiums, and debt deductions. Payments are issued for all deductions withheld, as well as the employer's share of FICA, Medicare, retirement, and state health and life insurance.

AGENCY IDENTIFICATION

Payroll processing and reporting use identifying numbers on the SPAHRS Maintain Agency screen. These include:

- PERS Identification Number – assigned and used by PERS
- Insurance Department Code – obtained and used by DFA - Office of Insurance
- ITS Agency Code – assigned and used by ITS
- MS Department of Employment Security Account Number – required for unemployment insurance coverage and obtained by completing the UI-1 Status Report form, found at <http://mdes.ms.gov/wps/portal>.

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SECTION	OVERVIEW	ISSUANCE DATE May 30, 2008
SUB-SECTION	INTERNAL CONTROL	REVISION NUMBER 08-005

INTERNAL CONTROL

PURPOSE

Internal control comprises all methods and procedures adopted to safeguard assets, check the accuracy and reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies. Within SPAHRS, there are checks and balances to ensure that payrolls comply with the human resource structure.

AGENCY CONTROL

Each agency is responsible for verifying their employees' rate of pay and deductions. SPAHRS calculates pay based on salary or time worked. Therefore, employee timesheets are reviewed for hours worked and leave taken. When the agency's final payroll is processed, the payroll officer certifies on-line that the data is correct. Each agency is responsible for distributing their payroll and vendor warrants.

DFA CONTROL

DFA sets the pay schedule to ensure that the processing of payroll is timely. BFC completes the payroll process by sending Journal Vouchers (JVs), created by the Agency final payroll process, to SAAS. BFC approves these JVs to post the related accounting information. BFR performs monthly reconciliations to verify that SAAS and Treasury are in balance.

DFA transmits Federal and state taxes, retirement, and related matching payments to the appropriate agency and files all required reports.

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REPORTS

PROCESSING

The Pay Detail Report is generated after an agency processes a preliminary payroll. The report contains a record for each paid employee listing the name of the individual, SSN, gross pay by earnings codes, deductions and net pay-by-pay period. The Pay Detail Report is a requested report not generated unless selected in SPAHRS.

A Payroll Summary Report summarizes all earnings, taxes and deductions at the SPAHRS agency level. SPAHRS generates this report for each preliminary and final payroll.

When an agency processes leave accrual, SPAHRS generates employee leave balances and loads to ACE. SPAHRS also generates an agency leave balance summary report by employee. Various reports are produced depending on the options selected in SPAHRS.

PAYROLL REPORTS

After BFC completes the payroll process, payroll reports are available for review or print by an agency using FMVIEW. The following is a list of available reports:

- Credit Utilization Report by Agency
- Deductions by Vendor
- Employee Register of EFT's
- Employee Register of All Warrants
- Employee Warrant/EFT Control Report
- Listing of Voided Warrants for Reissue
- Report of Vendor Credits/Journal Adjustments Processed
- Suspended Items Released/Prior Amounts Paid
- Vendor Register of all EFT's
- Vendor Register of All Warrants Issued
- Vendor Warrant/EFT Control Report

REFERENCES

For additional information on FMVIEW, go to <http://www.mmrs.state.ms.us>. Then, click on Training.

TOPIC	PAYROLL	SUB-SECTION 15.20.05
SECTION	PROCESSING	ISSUANCE DATE May 30, 2008
SUB-SECTION	TAXES	REVISION NUMBER 08-005

TAXES

PURPOSE

Federal and state taxes are calculated in SPAHRS using information provided by each individual. These withholdings are based on the pay date, not the pay period. SPAHRS treats retirement withholdings as taxes which are set at a predetermined rate.

FORM W-4

An individual must complete a Form W-4 Employee's Withholding Allowance Certificate when they begin employment with the state or transfer to another agency. Based on this information, SPAHRS calculates the amount of federal income tax to be withheld. The agency must have a Form W-4 on file for each individual. A new Form W-4 should be submitted to refigure an individual's withholding if their tax situation changes.

If an individual does not sign a Form W-4, the agency should withhold tax as if the individual is single, with no withholding allowances. Individuals that claim 'exemption from withholding' must file a new Form W-4 each year.

The Form W-4 and instructions are available at <http://www.irs.gov/pub/irs-pdf/fw4.pdf>.

FORM W-5

An individual eligible to receive part of the earned income credit (EIC) in advance must complete a Form W-5 Earned Income Credit Advance Payment. Based on this information, SPAHRS calculates the amount of EIC to be paid.

Form W-5 remains effective until December 31st of the calendar year. Eligible individuals must file a new Form W-5 each year. The EIC tax record must be expired on December 31. The SPAHRS EIC report can be run to assist in identifying those records that need to be expired. A new Form W-5 should be submitted if the individual's situation changes. If the individual receives advance EIC payments and finds they are not eligible for the EIC, they must pay back these payments when filing their federal tax return.

The Form W-5 and instructions are available at <http://www.irs.gov/pub/irs-pdf/fw5.pdf>.

PUBLICATION 15 - CIRCULAR E

Circular E, Employer's Tax Guide, explains the requirements for withholding, depositing, reporting, and paying taxes. Detailed guidance regarding Forms W-4 and W-5 is discussed. This publication should be reviewed by the payroll officer in order to understand responsibilities of the employer.

Based on the tax tables contained within Circular E, DFA updates the related tax information in SPAHRS. DFA deposits, reports and pays the taxes withheld.

Circular E is available at <http://www.irs.gov/pub/irs-pdf/p15.pdf>.

STATE WITHHOLDINGS

An individual must complete a Mississippi Employee's Withholding Exemption Certificate (form 89-350-98-1) when they begin employment with the state or transfer to another agency. Based on this information, SPAHRS calculates the amount of state income tax to be withheld. If an individual does not file an exemption certificate, the agency will withhold state income tax on total wages without the benefit of exemption.

The agency must have this certificate on file for each individual. A new exemption certificate must be submitted within 30 days after any change in exemption status.

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The Mississippi Employee's Withholding Exemption Certificate (form 89-350-98-1) and instructions are available at <http://www.mstc.state.ms.us/taxareas/withhold/89-350001.pdf>.

OUT-OF-STATE TAX WITHHOLDINGS

An individual that works for the State, but lives and performs the duties of their job out-of-state, is not subject to MS taxes. However, the individual is subject to taxes of the state in which they live, if applicable. In order to withhold these taxes, MMRS must establish a separate deduction code in SPAHRS. In addition, a MS state tax record must be created for the individual in SPAHRS with an exempt status.

A warrant is created for withholdings payable to another state. The warrant is received by the agency and must be sent to DFA. BFR mails the warrant along with a payment coupon to the appropriate state. The individual's W-2 will reflect the taxes withheld for the other state.

RETIREMENT WITHHOLDINGS

Every employee in a covered position must complete an Enrollment Form (PERS Form 1) and a Beneficiary Nomination Form (PERS Form 1B) at the time of employment. Any changes in an employee's information (i.e. change of beneficiary, change in marital status, etc.) should be made using the Change of Information Form (PERS Form 1-C). Periodically agencies should advise employees to update their beneficiaries with PERS.

The employee eligibility sequence number in SPAHRS determines an individual's participation in a retirement plan. The retirement plans are linked to the employee's position. Retirement calculations are automatically calculated and require no input.

PERS establishes maximum wages on which retirement contributions must be withheld. When an individual reaches the maximum during the fiscal year (July 1 - June 30), the withholdings are suspended until the next fiscal year. The PERS Member Handbook contains the fiscal year limits.

Retirement wages must be transferred from one agency to another if an individual is employed by more than one agency in a fiscal year. This is entered on the Maintain Retirement Programs screen within SPAHRS.

PERS forms and the Member Handbook are available at <http://www.pers.state.ms.us>.

SOCIAL SECURITY WITHHOLDINGS

FICA and Medicare taxes are withheld at a rate set by the Federal government. While FICA has an annual maximum wage base amount that is subject to taxation, Medicare does not. Once the maximum FICA wage base amount is reached, SPAHRS no longer withholds FICA during the calendar year.

If an individual is employed by multiple agencies at the same time during a calendar year and the maximum FICA wage base is reached, special processing instructions will be provided by BFR to ensure correct withholdings.

If an individual transfers from one agency to another during a calendar year, enter FICA wages from the old agency on the federal tax record of the new agency. If wages are transferred during a calendar year, the federal tax record must expire on December 31 of that year and a new record created with an effective date of January 1 of the next year. If an individual comes from a non-state entity, the FICA wages are not entered.

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SUB-SECTION	DEDUCTIONS	REVISION NUMBER	08-005

DEDUCTIONS

PURPOSE

Deductions taken from individuals' pay may be either required or elected. Depending on the type of deduction, an individual's taxable wage base can be affected. Examples of deductions include insurance, deferred compensation, credit union savings account or loan payments, purchase of saving bonds, debt deductions such as garnishments, agency specific funds/clubs, cafeteria plan payments, and other types of payments.

ESTABLISHING DEDUCTION CODES

Deduction codes are set up in SPAHRS. Deduction codes may either be a statewide code such as the codes for state health and life insurance or an agency specific code such as an agency cafeteria plan or flower fund.

If an agency requires a code to be established or changed, submit a request to MMRS on the SPAHRS Deduction Code Change Request form. This is established on our website.

ENTERING EMPLOYEE DEDUCTIONS

Enter payroll deductions using codes on each individual's SPAHRS record. The effective date and end date established on the deduction record indicates when the deductions will take place. The payroll period and not the actual pay date govern the deduction date. For example, if the individual elects to end their specific deduction, select the last date of the pay period as the end date and not the actual pay date.

Insurance Codes

SPAHRS calculates the amount of the individual's state health and life insurance. The state health insurance premium is a flat rate based on the insurance plan chosen by the individual. The life insurance premium corresponds to the individual's salary. Agencies must enter and/or change insurance amounts for all agency specific insurances.

If the amount field is blank when adding a state health or life deduction code, the system will generate a message with the correct amount displayed. If there is a rate change for either the state health or life insurance deductions, the agency is not required to enter the new amount on each individual's record. The system automatically calculates the correct amounts. When an insurance record is modified, the deduction amount must be the current rate.

Debt Codes

When adding a debt deduction, the following fields are required: the issuing agency or court, issuing agency's reference number, SAAS vendor number indicating who will receive the payment, and the beginning balance and/or monthly deduction amount.

SPAHRS issues one warrant per agency for each vendor and provides a list of the payments by individual on the top portion of the warrant. If separate checks are desired, the single check indicator must be marked on the debt deduction screen.

Savings Bond Codes

Agencies have the option to allow individuals to purchase saving bonds through payroll deductions.

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Miscellaneous Codes

Enter any deduction other than insurance, debt or savings bond deductions in SPAHRS as a miscellaneous deduction. Examples of miscellaneous deductions include care flex, flower funds, credit unions etc.

EXPENDITURE CODES

The payments generated from SPAHRS are automatically coded to the correct expenditure codes for payroll reporting. When deduction adjustments are made using the Adjust Pay Module of SPAHRS, the correct expenditure code will be adjusted.

REFERENCES

Refer to the data entry instructions provided in the SPAHRS manual. This manual is available at <http://www.mmrs.state.ms.us/imported/docs/lib/DFA/Training%20Materials/SPAHRS/Payroll/6311%20SPAHRS%20Maintain%20Employee%20Payroll%20Information.pdf>

TOPIC	PAYROLL	SUB-SECTION	15.20.11
SECTION	PROCESSING	ISSUANCE DATE	May 30, 2008
SUB-SECTION	INSURANCE DEDUCTIONS	REVISION NUMBER	08-005

INSURANCE DEDUCTIONS

PURPOSE

The State offers group health and life insurance to its employees. Agencies may offer additional insurance policies to their employees such as vision, dental, disability, cancer, life, etc.

PRE-PAYMENT

Insurance premiums are paid in advance. More than one month of insurance premium payments may be deducted from an employee's initial pay. A Start Date during the first 15 days of the month requires a deduction of two months of premium payments. This covers the current month, as well as the payment for the following month. A Start Date after the 15th of the month requires a month and a half of premium payments.

The deduction entered is a monthly amount. SPAHRS calculates the amount to deduct for bi-weekly and semi-monthly employees. For example, if the bi-weekly employee needs two months of insurance deducted, this is entered on the initial deduction indicator. One month's premium will be withheld from the first pay period of the month and the second month's premium will be withheld from the second pay period of the month.

When entering the initial deduction code, an expiration date must also be entered on the insurance record to stop the multiple deductions. The following month, only one-month's insurance premium will be deducted according to the employee's pay schedule.

STATE AND SCHOOL EMPLOYEES' LIFE AND HEALTH PLAN

The State funds the State and School Employees' Life and Health Plan. A contract vendor processes claims and serves as the administrator. The State and its employees, through contributions deposited into a special fund, pay the cost of maintaining the Plan jointly.

An initial deduction indicator on the SPAHRS Maintain Deduction record specifies the amount of insurance withheld.

Eligibility

An employee is eligible for coverage under the Plan if the employee works at least twenty hours a week in a department, agency, or institution of higher learning in the State, or as an employee of the judicial branch of the State, a full-time salaried judge, district attorney, or a legislator. The Eligibility Sequence Number in SPAHRS identifies employee's eligibility for health insurance benefits. Participation in the Plan is optional for the employee. If the employee chooses not to participate in the Plan, WAIVE must be entered on the SPAHRS Maintain Deductions screen.

If the employee participates in the Plan, coverage begins upon the first day of employment. Coverage for the participant's eligible family members is available with premiums paid by the employee.

Each covered dependent must be entered on the SPAHRS Maintain Dependent Health Information screen. SPAHRS automatically creates an electronic file sent to the vendor each night. If the vendor accepts the enrollment, the record is updated in SPAHRS. If there is an error in processing, the SPAHRS record will be rejected. Transactions requiring additional information will be placed on hold pending additional action by the Agency.

Any change in insurance, including dependents, must be processed in SPAHRS. If the change is rejected, SPAHRS will reverse changes made.

Reports of all insurance transactions are available to the agency. FMVIEW stores reports available for review.

LIFE INSURANCE

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Life insurance is available to all eligible employees, disabled employees, and retired employees. The State pays one-half of the premiums for all active employees with the employee paying the balance.

Allowable Life and Accidental Death Benefits

The amount of life and accidental death benefits each insured or totally disabled employee is eligible to receive is twice the amount of the insured employee's annual earnings rounded to the next highest \$1,000. The minimum amount of insurance will not be less than \$30,000 and the maximum amount will not exceed \$100,000.

Employees retiring from state service have the opportunity of choosing between three different levels of life insurance. Those levels are \$5,000, \$10,000 or \$20,000, with varying monthly premiums for each level based on the age of the retiree. A retired employee can request a decrease of life insurance at any time. The amount can be changed once in any 6-month period. A retired employee's amount of life insurance may not be increased. Retired employees are not eligible for accidental death benefits. If an employee requests insurance coverage after their retirement or total disability, the policy amount cannot exceed the amount of the policy it is replacing.

Eligibility

An employee is eligible to receive life and accidental death benefits if the employee pays into the retirement fund and is employed at least twenty hours a week in a department, agency, or institution of higher learning in the State, an employee of the judicial branch of the State, a full-time salaried judge, district attorney, or a legislator. Eligibility begins on the first day of employment.

An employee must complete an application for enrollment in the life insurance program. The enrollment information is transmitted electronically through SPAHRS, and the application form is mailed to the insurance vendor. Submission of the enrollment and change transactions to the vendor occur during the overnight processing cycle. Agencies can print reports on transactions and their status through FMVIEW.

If an employee applies for life insurance, more than 31 days after the eligibility date, an "evidence of insurability" form must be completed and filed by the agency. If the employee chooses to waive life insurance coverage, enter WAIVL as the deduction code.

Changing Beneficiaries

An individual may change beneficiaries by completing a "change form".

INSURANCE RECONCILIATION

Monthly, the administrator of the Plan will submit to the agency a listing of all personnel on the plan, showing the health and life premium amounts due per employee. All changes and transmittals of premiums appear on the Premium Billing Reconciliation Forms. The Coverage Change Sheet records additions and changes in coverage. Deduction adjustments are recorded on the Other Premium Adjustments Sheet. The amounts from the administrator's Premium Billing Report are entered on the Premium Billing Reconciliation Summary Sheet. This form must also show the amounts from the Change and Adjustment Sheets showing the total amount remitted. These reports and forms, along with a **copy** of the warrant and transmittal form are sent to the plan administrator. The actual warrant payable to State Treasury Fund 8220, generated from the SPAHRS payroll process, goes to DFA with a transmittal form as soon as the payroll is paid. Contact the DFA Office of Insurance to obtain copies of all forms. Send copies of the reconciliation forms to DFA Office of Insurance with the warrant.

An Insurance Reconciliation Control Report is available in SPAHRS to assist with this process. The report compares the monthly billing from the State's insurance provider to the monthly payroll amounts withheld. If there are any discrepancies in the life and health premiums or in the coverage amount, the report will identify those discrepancies.

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ADDITIONAL INSURANCE PREMIUMS

Companies that have department wide insurance policies will render statements to the department listing employees covered and premium amounts due. These statements should be reconciled and the warrants for amounts withheld forwarded to the respective companies.

UNEMPLOYMENT INSURANCE

Agencies do not pay unemployment insurance tax to the MS Department of Employment Security since they participate in a self-insured fund. The unemployment insurance is paid into the fund on either an annual or a semi-annual basis. The current year's payments are based on the wages paid in the prior calendar year. The amount remitted is a percentage of the first \$6,000 of wages paid to each employee in the prior calendar year. SPAHRS generates a file of wages and sends at the end of each quarter to the MS Department of Employment Security. Reports are provided to DFA to determine the amount of insurance premiums owed by each agency. The warrant is not generated by SPAHRS and therefore must be entered into SAAS and made payable to State Treasury Fund 3644.

REFERENCES

For additional information regarding the State's health or life insurance plans, employees should contact either the plan administrator or the DFA Office of Insurance for applications, brochures and other needed material. This information is available <http://www.dfa.state.ms.us/Offices/Insurance/Insurance.htm>.

TOPIC	PAYROLL	SUB-SECTION 15.20.13
SECTION	PROCESSING	ISSUANCE DATE May 30, 2008
SUB-SECTION	SAVINGS BOND DEDUCTIONS	REVISION NUMBER 08-005

SAVINGS BOND DEDUCTIONS

PURPOSE

Savings bond deductions allow employees to withhold amounts from their paychecks until they have enough money to purchase a savings bond. The savings bond deduction codes are used in SPAHRS to purchase bonds from the Federal Reserve Bank. A miscellaneous deduction code is required for savings bonds purchased from any other bank or bonding company.

DEDUCTIONS

An agency must have a Federal Reserve identification number entered on the SPAHRS agency record before an employee can use the savings bonds deduction codes. Savings bonds can be purchased in different denominations using the correct deduction code.

Deductions less than the purchase amount of the bond accumulates until the deduction amount equals the purchase amount of the savings bond.

An employee can purchase savings bonds in someone else's name. The name of the person (owner) for whom the bond is being purchased and their social security number must be entered on the deduction record.

PAYMENTS

An accounting entry to 21099 – Bond Withholding Payable is automatically generated for the amount withheld. When the employee accumulates enough withholdings to purchase the bond, SPAHRS will generate a warrant. An electronic file is created which the agency downloads into a diskette that is sent to the Federal Reserve Bank with the warrant.

REFERENCES

This link:

<http://www.mmrs.state.ms.us/imported/docs/lib/DFA/Training%20Materials/SPAHRS/Payroll/6311%20SPAHRS%20Maintain%20Employee%20Payroll%20Information.pdf> provides data entry instructions for savings bond deductions.

TOPIC	PAYROLL	SUB-SECTION 15.20.20
SECTION	PROCESSING	ISSUANCE DATE February 12, 2009
SUB-SECTION	DIRECT DEPOSITS	REVISION NUMBER 09-007

DIRECT DEPOSITS

PURPOSE

Any individual who wants their paycheck to be direct deposited should provide written documentation to the designated person in the agency. This documentation must contain the individual's bank account information. Form 15.20.20 is the Authorization Agreement for Automatic Deposits. The information on the form is used to enter the direct deposit information into SPAHRS. The form should be filed in the individual's payroll folder.

Once an individual has selected this option, all payroll and travel checks will be direct deposited. An individual cannot choose to have payroll checks direct deposited and travel checks issued as paper warrants. In addition, all payments will be made to the same bank and account as indicated on the direct deposit record. Travel checks cannot be deposited into a separate account.

ELIGIBILITY

Policies governing when an individual can have their paycheck deposited directly into a bank account are established by each agency. Agencies have the option of establishing leave balance limits that the individual must reach prior to being provided this option and balances that must be maintained to stay on direct deposit. It is suggested that an individual should have at least 20 hours of accrued personal leave before being allowed to sign up for direct deposit. This requirement may be waived if the agency is on a delayed payroll. It is the agency's responsibility to determine if an individual is eligible to participate in direct deposit.

Direct deposits are available for all employees and contract workers regardless of their pay cycle once the agency has determined their eligibility.

TIMING REQUIREMENTS

Once a direct deposit record has been entered into SPAHRS, the system will generate a prenote, which transmits a zero deposit file to the bank to verify the bank account information. The prenote is transmitted with the next payroll run, whether or not the agency has payroll transactions on that payroll. If no errors are returned within twelve (12) days from the prenote processing, the direct deposit record will be changed to active status. If the prenote is returned with errors, a correction must be made by the agency for an additional prenote to be processed.

An individual needing to change direct deposit information should submit another authorization form with the new information. The individual will receive a warrant during the prenote processing. The status of the direct deposit can be verified in SPAHRS.

If an individual on direct deposit transfers from one agency to another, a new SPAHRS record must be created since the record is agency specific.

REMITTANCE ADVICE

Individuals choosing the direct deposit option will view their payroll stubs in electronic format in ACE, instead of receiving a paper copy.

DIRECT DEPOSIT CORRECTIONS

If the individual's funds cannot be deposited in the bank, BFC will receive a Return Resolution from the bank. A copy of the Return Resolution will be sent to the agency with a memo explaining the action needed. The agency payroll office is responsible for accessing the individual's direct deposit record and making the correction. In order for the individual to receive salary due, the agency will prepare a PV in SAAS, payable to the individual, using the individual's vendor number (e.g. S plus PID). The agency will then enter a JV to reverse the PV. All JV entries adjusting cash accounts between

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funds should have ADJ as the first three digits of the JV number (e.g. JV 301 ADJ08000001). A vendor code is required on all entries affecting an expenditure code. A travel code must have the Person Identification Number (PID). The PV and JV must be submitted to the BFC Payroll office for approval.

ACCOUNTING ENTRIES

The examples below illustrate the JV entries for reversing PVs in SAAS. The Line Description for these transactions will be EFT Return PV # XXXXXXXXXX.

1. For 2XXX Treasury Funds:

<u>Account Type</u>	<u>Account Code and Description</u>	<u>Debit</u>	<u>Credit</u>	<u>Vend/Prv Name</u>
01	10100 Cash in State Treasury (Fund 2999)	XXXX		
02	29000 Treasurer's Allotment to Agency (Fund 2999)		XXXX	
01	10050 Appropriation/Allotment Balance	XXXX		
22	60XXX Payroll Expenditure/Expense		XXXX	V S#####

2. For 3XXX Treasury Funds:

<u>Account Type</u>	<u>Account Code and Description</u>	<u>Debit</u>	<u>Credit</u>	<u>Vend/Prv Name</u>
01	10100 Cash in State Treasury	XXXX		
22	60XXX Payroll Expenditure/Expense		XXXX	V S#####

All other error corrections and any recovery of overpayments made are the responsibility of the agency. Accuracy is critical when entering the direct deposit information into SPAHRS to ensure the correct information is entered for each individual. When adding multiple records at one time, the screen should be cleared between each entry to prevent one individual's bank information from being attached to a different individual.

Consideration is necessary when taking individuals with dangerous leave balances off direct deposit in order to prevent overpayments. The agency can establish a direct deposit leave balance policy and enter the minimum leave balance on the SPAHRS Agency Record. A Dangerous Leave Balance Report can be generated which lists all individuals not meeting the established minimum balance. This report can be used to suspend an individual's direct deposit and eliminate overpayments. It is easier to void a warrant than it is to recover an overpayment deposited into an individual's account.

REFERENCES

The data entry instructions are provided in the Employee Payroll Information of the SPAHRS manual. This manual can be obtained at [6311 SPAHRS Maintain Employee Payroll Information](#). The Dangerous Leave Balance Report is detailed in the SPAHRS Report Time Miscellaneous Manual, which can be obtained at [6325 SPAHRS PR Report Time Miscellaneous](#).

TOPIC	PAYROLL	SUB-SECTION 15.20.25
SECTION	PROCESSING	ISSUANCE DATE May 30, 2008
SUB-SECTION	EARNINGS CODES	REVISION NUMBER 08-005

EARNINGS CODES

PURPOSE

Earnings codes define the type of work activity for reporting purposes for time, leave, and travel expenses. Earnings can be wages, hours, overtime, bonuses, shift work, leave or non-cash earnings such as state vehicle use, taxable value of life insurance, housing, etc. Earnings codes may be recorded as hours, dollars or percentages. The SPAHRS Earnings Code Table establishes the rules and codes for earnings.

EARNINGS CODE ENTRY

Earnings codes are entered on timesheets in SPAHRS. However, some payments are generated even if an earnings code was not entered on the timesheet. Examples of these payments include board member per diem paid on a travel voucher, terminal leave entered on the separation record, and emoluments entered on the position record.

EXPENDITURE CODES

SPAHRS assigns expenditure codes based on the earnings codes and other system processes. All employee payroll payments use object code 60010 except overtime and terminal personal leave payments, which require expenditure codes 60040 and 60060 respectively. Contract worker payments require contractual expenditure codes. Travel earnings codes use travel object codes depending on the type of travel.

REFERENCES

The SPAHRS PR Tables manual explains earnings codes tables. A list of earnings codes is found in the SPAHRS General Earnings Codes manual. These manuals can be accessed at www.mmrs.state.ms.us/MMRS_Training/training_materials/SPAHRS/Payroll/index.shtml

TOPIC	PAYROLL	SUB-SECTION 15.20.30
SECTION	PROCESSING	ISSUANCE DATE May 30, 2008
SUB-SECTION	FRINGE BENEFITS	REVISION NUMBER 08-005

FRINGE BENEFITS

PURPOSE

All fringe benefits are considered wages unless specifically excluded by the Internal Revenue Code (IRC) and listed in IRS publication 15-B, Employer's Tax Guide to Fringe Benefits. The most common taxable benefits provided by agencies include life insurance benefits, taxable meals, vehicle usage, and housing.

A benefit provided so that an employee can perform their job is considered a "working condition benefit". This is defined as any property or services provided to an employee that would be allowable as a business expense if paid by the employee. Job-related education or professional dues are not considered a taxable benefit to the employee.

If the provided benefit is negligible or administratively impractical, the benefit is considered a "de minimis (minimal) benefit" and is excluded from the taxable wage base.

LIFE INSURANCE

If an employee's group life insurance benefit exceeds \$50,000 of coverage, the value of the excess must be included in gross wages. SPAHRS calculates this amount and reports the taxable benefit in the LIFEI earnings code. The earnings associated with this benefit are included in the employee's W-2 wages but excluded from the employee's retirement wage base.

TAXABLE MEALS

The IRS ruled that any reimbursement of meal expenses for travel that does not include an overnight stay is nondeductible compensation. All reimbursements of taxable meal expenses are subject to tax withholdings and matching amounts and Federal Unemployment Tax (FUTA). When the Travel Voucher (TV) is processed through SPAHRS, any taxable benefit to the individual is calculated and included in the reportable wages on the W-2.

VEHICLES

Certain types of state owned vehicles used by the employee for personal use or commuting to and from work can constitute a taxable benefit to the employee. If the vehicle is a qualified non-personal use vehicle (such as a clearly marked police car, school bus, any vehicle designed to carry cargo with a loaded gross weight in excess of 14,000 pounds, etc.) its use is not included in the employee's gross wage calculation. The value of employer-provided vehicles used by state employees for commuting and personal use must be included in social security, federal and state income tax and retirement wage bases.

One of four rules determines the value of the vehicle: General Valuation, Cents-Per-Mile, Commuting or Lease Value. These rules are described in detail (when the rule can be used, how to calculate the benefit, what is included/excluded, etc.) in IRS Publication 15-B Employer's Tax Guide to Fringe Benefits.

Elected officials of the State may not use the Commuting Rule for determining the value of the vehicle they use.

Once the benefit is calculated, it must be added to the employee's annual gross wages. The VEHIC earnings code is entered using the daily-calculated dollar amount on days for which the employee took the state vehicle home.

TOPIC	PAYROLL	SUB-SECTION 15.20.30
SECTION	PROCESSING	ISSUANCE DATE May 30, 2008
SUB-SECTION	FRINGE BENEFITS	REVISION NUMBER 08-004

HOUSING

An agency that requires an employee to live on the premises for the agency's convenience, and as a condition of employment, may exclude the value of the housing from the employee's gross wages. However, the value of the housing should be used in calculating the employee and employer's contribution for retirement. The Retirement System establishes a maximum monthly housing (emolument) allowance at differing rates for heads of state institutions and other personnel. A housing allowance meeting these conditions must be added to the employee's SPAHRS Position record with a HOUSE earnings code entered in the emolument type field.

If the agency or institution provides housing to an employee that is not a condition of employment, the employee's gross wages must reflect the value of the housing. Enter the HOSTX earnings code on the position record in the emolument type field. The value of the housing increases the employee's wages.

REPORTING AND WITHHOLDING

Period of Withholding

Employers may elect, for employment tax and withholding purposes, to treat fringe benefits as paid on a pay period, quarterly, semi-annually, annual or other basis. A formal election of payment dates is not required.

Withholding

The employer may add the value of the fringe benefits to the regular wages for a payroll period and compute withholding taxes on the total. The employer must withhold state and federal income, social security and retirement taxes on the date paid or date it elects to treat the benefits as paid and must deposit the withheld taxes and the employer taxes under the regular rules for tax deposits.

SPAHRS calculates the required withholdings based on the earnings code. The taxes are withheld in the pay period the earnings code is entered on the timesheet.

REFERENCES

The Employer's Tax Guide to Fringe Benefits, IRS Publication 15-B is found at <http://www.irs.gov/pub/irs-pdf/p15b.pdf>.

**STATE OF MISSISSIPPI
DEPARTMENT OF FINANCE AND ADMINISTRATION**

TOPIC	PAYROLL	SUB-SECTION	15.20.35
SECTION	PROCESSING	ISSUANCE DATE	May 30, 2008
SUB-SECTION	PAYROLL PROCESSING	REVISION NUMBER	08-005

PAYROLL PROCESSING

PURPOSE

Payroll processing includes calculating net pay, validating account distributions (i.e., fund, activity, organization, reporting category, etc.), correcting errors discovered in the preliminary run process and processing, certifying, and generating SAAS transactions.

PAY FREQUENCIES

The State has several pay frequencies established at the agency level and approved by DFA. Below are the SPAHRS pay frequency codes and descriptions:

- M - Monthly
- R - Semi-Monthly
- S - Semi-Monthly, Delayed
- B - Bi-Weekly, Delayed
- W - Weekly, Delayed
- K - Contract Workers, Bi-Weekly, Delayed
- L - Legislative (for in-session pay)
- X - Legislative Weekly Expense
- P - Supplemental Payrolls (Section 15.20.40)

Agencies may have more than one payroll frequency for different groups of employees. The employee's pay frequency is on their position record. Agencies may change the type of frequency used or add a frequency by making a request to BFC. Contract workers must be paid on the bi-weekly delayed (K) pay frequency.

Individuals paid on a delayed basis receive their pay after performing the work. All other individuals have their pay calculated based on anticipated time worked. For example, if the payroll is due on the 20th of the month, the time from the 20th to the end of the month is calculated prior to the work being performed. Adjustments may be required for time not worked for which pay has been received. More discussion on this topic is in Section 15.20.40.

PAY DATES

Employees with a monthly frequency code are paid the last working day of the month. Employees with a semi-monthly pay frequency are paid the 15th or the last working day prior to the 15th, and the last working day of the month. Employees and contract workers with a bi-weekly pay frequency are paid every other Friday on a schedule established by DFA. Employees paid weekly are paid every Friday.

DFA establishes a schedule of pay dates and the schedule is on the MMRS website at:. The schedule provides the date and time for submitting payrolls to DFA for processing. If an agency experiences a problem that may prevent the payroll from being processed on time, they should contact BFC - Payroll at least an hour prior to the established due date and time.

PAYROLL CALCULATIONS

SPAHRS calculates gross earnings, taxes, deductions, net pay, and overtime pay based on the time reports entered and data (rate of pay, pay frequency, authorized earning supplements, etc.) contained in various SPAHRS tables. Gross pay calculation includes all cash payments (salary, overtime), reimbursements and any imputed income (i.e., state vehicle use, taxable value of life insurance, housing, etc.). The system then calculates the adjusted gross pay (gross pay less imputed income).

**STATE OF MISSISSIPPI
DEPARTMENT OF FINANCE AND ADMINISTRATION**

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If an employee does not work a complete pay period, and does not have sufficient accrued leave to use, the system automatically calculates a partial pay period by multiplying actual hours worked by an hourly rate. However, the pay will not exceed the salary amount.

Deductions contain an assigned priority. This priority allows SPAHRS to perform a calculation for an employee who may not have earned enough money in that specific pay period for all withholdings. To calculate the net pay, take the adjusted gross pay less all taxes and deductions.

Different wage bases are used for calculating taxes. This is because some deductions are pre-tax; therefore, they are deducted before the taxes are calculated. Additionally, the individual or payment type determines if the payment is subject to the wage base calculation. For example, aliens (non-citizens) working under certain types of visas are not subject to FICA and Medicare taxes, students at the School for the Deaf and Blind are not subject to any taxes, and payments to beneficiaries and next of kin of deceased employees are not subject to federal and state withholding taxes. The employee/worker eligibility sequence number establishes the individual's reportable wage bases.

The various calculations performed by the system for wage bases are detailed below.

Retirement	Gross Wages - <u>LIFEI</u> (Benefit associated with life insurance) Retirement Wage Base
Medicare	Gross Wages - <u>Cafeteria</u> Medicare Wage Base
FICA	Gross Wages - <u>Cafeteria</u> FICA Wage Base
Federal/State	Gross Wages - Cafeteria - Deferred Compensation - <u>Individual's Retirement Contribution</u> Federal and State Taxes Wage Bases

Federal and state wage bases should always equal. Differences between FICA and Medicare wage bases should only occur when the FICA wage base reaches the maximum amount allowed by the federal government for the year. Once the maximum amount is met, SPAHRS will not withhold FICA taxes for the remainder of the calendar year. Wage bases are used for W-2 processing in addition to payroll processing.

PRELIMINARY PAYROLL RUNS

After establishing payroll dates, inputting all changes (new hires, terminations, and deduction changes) and entering actual time worked for the individuals, a preliminary payroll can be processed.

The preliminary run calculates gross to net pay. This process also generates reports showing any errors such as individuals with no default accounting distributions, deductions not taken from the payroll, individuals with time reporting errors, etc. These reports will help determine how to correct the payroll errors. Multiple preliminary runs may be necessary until the payroll processing is error free.

**STATE OF MISSISSIPPI
DEPARTMENT OF FINANCE AND ADMINISTRATION**

TOPIC	PAYROLL	SUB-SECTION	15.20.35
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The preliminary payroll process creates SPAHRS journal entries to validate against SAAS. The validation process includes the account distribution ((i.e., fund, activity, organization, reporting category, etc.). The budget and allotment authority and cash balances are also validated by fund and organization and other agency controls as appropriate. The journal entry screens must be reviewed to determine if any journal entry errors exist.

FINAL PROCESSING

The final payroll processing repeats the preliminary run validation and edit processes. Errors may be detected during this process if the preliminary run was completed on a day prior to the final run. For example, the available cash balance may have been depleted during a SAAS nightly processing. If errors are detected during the final run, the payroll will not process. The reports and journal entry screens should again be reviewed and the error corrected. Only one final run can be processed.

The reports generated from the final run will contain the Gen SAAS/Calc Pay Distribution Difference Report. This report should contain all zeros.

PAYDAY

Payroll warrants and vendor warrants are available for pick-up from BFC after 7:30 A.M. on the pay date. Agencies authorized for early pick-up can retrieve the payroll a day prior to the pay date. The agency must sign for the payroll packet when it is picked up from BFC. Payroll warrants are **not** to be in the hands of individuals until the actual pay date. Vendor warrants should be mailed when received. Electronic vendor payments (federal taxes and retirement system payments) and payments for state taxes are shown on the payroll reports even though the agency is not responsible for disbursing these payments.

CUT OFF DATES

Wages are considered paid when the individual receives the pay and not when the payroll is processed. Individuals paid on a bi-weekly basis may have earned income in two calendar years for the same payroll period. However, all wages will be on the W-2 for the new year since this is when the individual was actually paid.

Payrolls may also cross fiscal years. When this occurs, SPAHRS will automatically post the payroll to the new fiscal year. If the payroll is posted in the previous year due to payments for terminated leave at June 30, or travel payments, a mass change transaction is required to override the fiscal year and possible account distribution codes.

REFERENCES:

The SPAHRS Payroll Overview and Calculate Pay manuals provide additional information on payroll processing. This information can be found at:

<http://www.mmrs.state.ms.us/imported/docs/lib/DFA/Training%20Materials/SPAHRS/Payroll/6308%20SPAHRS%20P R%20Tables.pdf>

TOPIC	PAYROLL	SUB-SECTION	15.20.40
SECTION	PROCESSING	ISSUANCE DATE	May 30, 2008
SUB-SECTION	PAYROLL ADJUSTMENTS	REVISION NUMBER	08-005

PAYROLL ADJUSTMENTS

PURPOSE

Payroll adjustments are necessary for several reasons. This includes overtime earned, unpaid leave taken, retroactive pay increases, adjustment for deductions taken, and payments for unused leave at termination. A payroll adjustment may also be necessary to issue a warrant for an individual not included on the original payroll.

Procedures for adjustments to void an individual's pay, reissue a check, and process vendor credits are discussed in Section 15.20.45.

CALCULATION OF OVERTIME

The Fair Labor Standards Act (FLSA) establishes guidelines for determining if an individual is entitled to overtime and the timeframe for calculating the overtime. Generally, overtime is calculated on a 7-day, 40-hour workweek; however, personnel identified in public safety and emergency response positions, may have a 28-day work cycle and hospital individuals may have an 8/80 or two-week fourteen-day cycle. The work cycle for the individual is derived from the FLSA code and schedule recorded on the SPAHRS position record.

The position and WIN records in SPAHRS denotes the classification of the individual as exempt or non-exempt from the FLSA and if they will receive pay or compensatory leave for any hours worked above their normal work schedule. Individuals classified as non-exempt accrue leave or are paid time and a half for overtime hours worked; other individuals accrue overtime hour for hour (straight time).

Agencies may elect to have the work cycle begin on any day of the week. The agency work cycle is established in SPAHRS.

SPAHRS calculates overtime based on hours worked within the established work cycle and not within a pay period or a calendar period. For example, an individual on a seven-day work cycle may work in excess of 40 hours during the calendar week (Monday through Friday); however, overtime may not accrue if the agency's workweek begins on a Wednesday. The system will determine if the individual worked in excess of 40 hours from the Wednesday through Tuesday work cycle.

If the work cycle splits payroll periods, the system will not calculate overtime until the work cycle has ended. For example, if the work cycle begins on Wednesday, and the pay period ends on Friday, overtime will not be calculated for that week on the current payroll. Overtime will be calculated at the end of the work cycle and overtime will be applied to the next pay period.

ADDITIONAL EARNINGS PAYROLLS

To increase the individual's pay because of overtime worked, shift pay or other reasons except a retroactive pay increase, the adjustment must first be recorded on the individual's timesheet. Enter either the additional hours worked or the earnings code amount for the day the work was performed. An adjustment record is then added in SPAHRS and must be approved for processing. The system will read the timesheet adjustment and calculate the increase.

Adjustments can be paid on a supplemental payroll or can be merged with the individual's next payroll.

LEAVE ADJUSTMENTS

If employees are not paid on a delayed pay frequency, their leave taken may be reported after processing the payroll. Leave taken/reported after processing payroll is entered on the timesheet for the day the leave was taken. The system will automatically adjust the employee's leave balances.

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If the employee did not have enough accumulated leave balance for leave actually taken, additional action is necessary. If an employee is on leave without pay and receives a paper warrant, make a request to void the warrant and process an adjustment to pay the correct amount. If the individual was on leave without pay but received the EFT, an adjustment is needed to recover the overpayment. The timesheet should be modified to reflect the time not worked and once entered, an adjustment record is created in SPAHRS. This record must be approved for processing. Additional information on recording leave without pay is provided in Section 15.60.20.

Section 15.20.45 outlines the procedures for voiding a check.

The system will calculate the employee's pay when the adjustment is processed. The calculation will include reducing the taxes and retirement amounts for the reduction in wages. If the net of the adjustment is a negative amount, the employee will be responsible for reimbursing the agency for the overpayment. A received check earnings code must be entered on the time sheet. If the adjustment is not flagged to be paid on a supplemental payroll, SPAHRS will merge the adjustment with the employee's next regular payroll. The amount of the adjustment will be deducted from that pay.

The amount refunded for overpayment of deductions such as taxes and retirement will be reflected as a vendor credit in SPAHRS. The vendor credit will be applied to the next payroll processed by that agency with payments to the specific vendors.

RETROACTIVE PAY INCREASES

If an individual receives a pay increase after the payroll has been processed, the salary increase must be entered into SPAHRS with the effective date of the increase. A separate adjustment record is needed for each pay period in which the increase was not received. Adjustment records can be flagged as supplemental and one payment generated for all affected pay periods.

DEDUCTION ADJUSTMENTS

Payroll adjustments may be needed for individual deductions if the deduction was not withheld, over withheld, or under withheld. Entering the deduction or its modification on the individual's deduction screen in SPAHRS is the first step in this process. If the deduction was not withheld, it should be added with the correct effective date. If a deduction was made in error, an end date needs to be entered on the deduction record reflecting the last date of the deduction.

An adjustment record must be added into SPAHRS for each pay period needing adjustments. The adjustment record will create all necessary vendor payments or credits. If the individual owes money, the adjustment amount can be merged with the next regular payroll. If the amount shown on the deduction record was incorrect, the record should be ended and a new deduction with the correct amount added.

If there is an adjustment for a debt deduction that has previously been satisfied, the generated vendor credit cannot be applied by the system. The individual no longer owes that specific vendor. The agency must contact the vendor to have the overpayment returned. Section 15.20.45 contains more information regarding processing and reconciling vendor credits.

TOPIC	PAYROLL	SUB-SECTION 15.20.40
SECTION	PROCESSING	ISSUANCE DATE May 30, 2008
SUB-SECTION	PAYROLL ADJUSTMENTS	REVISION NUMBER 08-005

SEPARATION PAYMENTS

When an employee is terminating employment with any agency, a separation record must be created in SPAHRS. The information entered on this record determines if the employee will receive a payment for leave and/or if leave will be transferred to another agency or to the retirement system.

All outstanding payments must be remitted to the employee before this transaction is created. Prior to creating the separation record, the agency should accrue the employee's leave for the final month of employment. Entering the employee's social security number in the leave accrual screen will perform this function without accruing the entire agency's leave. The accrual cannot be applied until DFA has processed the final payroll for the employee. NOTE: Although DFA performs some of the processing functions when the agencies submit payrolls, the final DFA processing may occur several days after the payroll due date. If the agency's accrual process occurs prior to the DFA process, the employee's leave record may not reflect correct balances.

EXCEPTION PAY

The exception pay process is for a payroll adjustment that cannot be processed any other way in SPAHRS. For example, an exception pay may be required if there is a court ordered back pay or reinstatement and the tax or holiday tables for that period are no longer valid in the system or if a court order sets payment requirements that do not follow normal payroll calculations.

Whenever exception pay is needed, SPAHRS will not perform any payroll calculations; all calculations must be manually performed by the agency. The calculation must include at least one earnings code. The deduction amounts for all taxes, retirement, and other deductions must be reflected and subtracted from the earnings. The employer matching amounts for FICA, Medicare, retirement, life insurance and health insurance premiums must also be shown separately. The manual calculation must show the individual's net pay.

The system will add the payment to the year-to-date payment amounts reflected in SPAHRS and will record the information on the individual's W-2; however, the payment will not be reflected in the month-to-date totals within the system. The system will generate the individual and vendor payments when the payroll is processed. If the payment is for a pay period that is more than eighteen months in the past, and it includes retirement withholdings, the agency must contact PERS to have the individual's creditable service adjusted manually.

Since SPAHRS does not perform the payment calculations and only performs limited edits, the exception pay can only be entered into SPAHRS by DFA. When the agency has performed all manual calculations, a SPAHRS – Exception Pay Request Form must be completed and submitted to BFC Payroll office for processing. A blank copy of this form is provided as Form 15.20.40-B. Exhibit 15.20.40-A provides a sample, completed form with referenced number instructions. The instructions for completing this form are provided below:

<u>REFERENCE</u>	<u>EXPLANATION</u>
1	Enter the name of the agency submitting the exception pay request.
2	Enter the person within the agency who will serve as DFA's contact for processing the exception pay.
3	Enter the direct telephone number for the agency contact.
4	Enter the name of the employee/contract worker being paid through the exception pay process.
5	Enter the SPAHRS agency number associated with the individual.
6	Enter the Social Security Number for the individual.

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- 7 Enter the pay period end date for which the payment is owed. If multiple pay periods need to be adjusted, only one adjustment per quarter will be processed. In this case, calculate the amounts for the entire quarter and have only the most recent pay period reflected.
- 8 Enter the individual's regular payroll frequency; this should not be P – supplemental.
- 9 Enter the Position Identification Number or the Worker Identification Number of the individual for the pay period associated with this payment.
- 10 Enter the individual's hourly rate of pay.
- 11 Enter the manually calculated net pay for the exception payment.
- 12 Enter P if the payment is for an employee in a PIN or enter a W if the payment is for a worker in a WIN.
- 13 Enter the individual's gross salary amount for the payment amount.
- 14 Enter a separate line for each earnings code. There should be at least one earnings code. Payroll deductions and tax withholdings should be entered on separate lines using correct tax and deduction codes.
- 15 Enter the individual amounts associated with the codes listed in column 14. Calculations may be necessary to determine the amounts. For example, the individual's federal and state taxes to be withheld will require a manual calculation. The FICA, Medicare and retirement withholdings are percentage amounts of the individual's gross pay. SPAHRS will perform an edit to ensure the percentages are correct.
- 16 This column is used to enter the employer (state) paid expenses associated with specific deductions. The FICA and Medicare portions are equal to the individual amounts; the state portion of retirement will be greater than the individual's amount. Any State insurance paid by the agency will also require an amount in this column. The system will perform an edit to verify the matching amounts are correct.
- 17 Include a detailed reason for the exception pay.
- 18 Provide the reason the payment cannot be processed through the normal adjust pay method in SPAHRS.
- 19 Signature and title of Agency contact.
- 20 Verify the date form was signed.

SUPPLEMENTAL PAYROLLS

Supplemental payrolls can be used to pay individuals hired after the agency payroll has been processed and submitted to BFC, to pay individuals omitted for some reason from the original payroll, or for payroll adjustments.

TOPIC	PAYROLL	SUB-SECTION	15.20.40
SECTION	PROCESSING	ISSUANCE DATE	May 30, 2008
SUB-SECTION	PAYROLL ADJUSTMENTS	REVISION NUMBER	08-005

If the supplemental payroll is used to make a payment for a newly hired individual or an omitted individual payment, the adjustment record must be created using the issue pay screen; otherwise, the adjust earnings screen is used. If the adjustment record is not coded for payment on a supplemental payroll, the adjustment will be held until the individual's next regular payroll.

BFC establishes the pay dates and they are posted on the MMRS website at: http://www.mmrs.state.ms.us/statewide_applications/SPAHRS/Payroll_Due_Dates.shtml. The schedule of pay dates provides the date and time for submitting the payrolls for processing. BFC processes a supplemental payroll each week.

Processing the supplemental payroll requires processing run and processing and certifying a run. There is a separate screen for processing the supplemental payroll runs. The pay frequency on this screen will default to P – Supplemental. The schedule pay date and not the pay period date should be entered on this screen.

SPAHRS will produce the same documents, warrants and remittance advices as it does when a regular payroll is processed. The individual will be paid in the same manner as the normal payroll, either a paper warrant or a direct deposit.

MERGING ADJUSTMENTS

Adjustments for multiple pay periods can be processed in one supplemental payroll run. For example, if a monthly paid individual had the wrong deduction amount withheld for dependent health care coverage for three months, separate adjustment records must be created for each monthly pay period end date. The three adjustment records can be processed on one supplemental payroll run.

Adjustment records may also be processed with the regular payroll. This is beneficial if the adjustment creates a negative amount and requires a payment from the individual. The amount owed can be subtracted from the next regular payroll.

When adjustment records merge with a regular payroll, the pay detail report generated through the payroll processing will show separate records for the individual and not the net effect of the adjustment. The individual pay records will merge during the DFA payroll processing and only one warrant or direct deposit record will be generated.

REFERENCE

The adjust pay manual of SPAHRS contains instructions for entering payroll adjustments. Access this manual at <http://www.mmrs.state.ms.us/imported/docs/lib/DFA/Training%20Materials/SPAHRS/Payroll/6307%20SPAHR%20PR%20Adjust%20Pay.pdf>

SPAHRs - EXCEPTION PAY REQUEST FORM

To: BUREAU OF FINANCIAL CONTROL
ATTN: PAYROLL OFFICE

Fax #: 601-359-6186

FROM: _____(1)_____
AGENCY NAME

CONTACT PERSON: _____(2)_____ PHONE: _____(3)_____

SPAHRs EMPLOYEE NAME _____(4)_____

AGENCY#: _____(5)_____ SSN: _____(6)_____

PP END DATE: _____(7)_____ FREQ: _____(8)_____ PIN/WIN: _____(9)_____ HOURLY RATE: _____(10)_____

NET PAY: _____(11)_____ WORKER TYPE (P/W): _____(12)_____ SALARY: _____(13)_____

TRANS CODE	EMPLOYEE AMOUNT	EMPLOYER AMOUNT
(14)	(15)	(16)

PROVIDE DETAILED ANSWERS TO THE FOLLOWING:

Explanation of exception pay : _____(17)_____

Reason this is not being paid through adjust pay : _____(18)_____

I authorize BFC/Payroll to enter this information as required for Exception Pay.

_____(19)_____ (20)_____
SIGNATURE & TITLE DATE

SPAHRs - EXCEPTION PAY REQUEST FORM

To: BUREAU OF FINANCIAL CONTROL
ATTN: PAYROLL OFFICE

Fax #: 601-359-6186

FROM: _____

AGENCY NAME

CONTACT PERSON: _____ PHONE: _____

SPAHRs EMPLOYEE NAME _____

AGENCY#: _____ SSN: _____

PP END DATE: _____ FREQ: _____ PIN/WIN: _____ HOURLY RATE: _____

NET PAY: _____ WORKER TYPE (P/W): _____ SALARY: _____

TRANS CODE	EMPLOYEE AMOUNT	EMPLOYER AMOUNT

PROVIDE DETAILED ANSWERS TO THE FOLLOWING:

Explanation of exception pay: _____

Reason this is not being paid through adjust pay: _____

I authorize BFC/Payroll to enter this information as required for Exception Pay.

SIGNATURE & TITLE DATE

TOPIC	PAYROLL	SUB-SECTION 15.20.45
SECTION	PROCESSING	ISSUANCE DATE February 23, 2009
SUB-SECTION	VOIDS, REISSUES AND VENDOR CREDITS	REVISION NUMBER 09-008

VOIDS, REISSUES AND VENDOR CREDITS

PURPOSE

Warrants may need to be voided and reissued if they have been lost, destroyed, issued to the wrong vendor, or issued for the wrong amount.

VOIDING INDIVIDUAL WARRANTS

If an individual's warrant is issued for the wrong amount, the SPAHRS Void Employee Warrant/EFT Request Form 15.20.45-E must be completed and returned to BFC. The warrant to be voided must be attached to the request form. If the original warrant has been lost or destroyed and cannot be returned to BFC, a Lost Warrant Replacement Request Form 19.20.30 and a Stop Payment Request Form 19.20.20 must be completed and returned with the SPAHRS Void Employee Warrant/EFT Request Form 15.20.45-E to the State Treasurer.

BFC will void the warrant in SPAHRS. This process will reverse the charges made on the individual's pay detail records and ensure the wages are not included on the individual's W-2 or 1099. Vendor credits will also be issued automatically for all deductions and payments. The amount of the net payroll warrant is credited to the agency as part of the void and reissue process. The void process is separate from the normal payroll processing. Separate reports are generated showing the resulting transactions, credits, etc. The agency should review and reconcile these reports.

After BFC has completed the void process, the agency must process a payroll adjustment in SPAHRS to have the warrant reissued for the correct amount.

REPLACING INDIVIDUAL WARRANTS

When an employee warrant is lost, stolen, or destroyed, the agency payroll office is responsible for submitting a Lost Warrant Replacement Request Form 19.20.30 and a Stop Payment Request Form 19.20.20 to the State Treasurer. After a stop payment has been issued, the State Treasurer will forward the forms to BFC. BFC will verify information and issue a replacement warrant.

When an employee warrant is mutilated, the agency payroll office is responsible for submitting a Mutilated Warrant Form 19.20.40 along with the mutilated warrant to BFC for a replacement of the warrant. Examples of a mutilated warrant include torn, ripped, unreadable, or smudged warrants.

RECOVERING DIRECT DEPOSIT PAYMENTS

Agencies are responsible for recovering any overpayments made to an individual through a direct deposit. This may be corrected through SPAHRS or on a CR document by reducing expenditures.

VOIDING VENDOR WARRANTS

If a SPAHRS vendor warrant needs voiding, a SPAHRS Void Vendor Warrant Request Form 15.20.45-V must be completed and submitted to BFC along with the warrant. Each voided warrant requires a separate form. BFC will process the voided request as part of a scheduled payroll run whether or not the agency has payroll transactions in that run. The instructions for completion of the form are outlined below. Exhibit 15.20.45 includes reference numbers. Form 15.20.45-V is a blank form to be used by agencies.

REFERENCE EXPLANATION

- 1 Name of the agency submitting the void request
- 2 The signature of the individual authorizing the request and serving as DFA's contact for processing the request

TOPIC	PAYROLL	SUB-SECTION 15.20.45
SECTION	PROCESSING	ISSUANCE DATE February 23, 2009
SUB-SECTION	VOIDS, REISSUES AND VENDOR CREDITS	REVISION NUMBER 09-008

REFERENCE EXPLANATION

- 3 The direct telephone number for the agency contact
- 4 The date the request is being made
- 5 Agency contact's email address
- 6 The SPAHRS agency number associated with the vendor warrant
- 7 The warrant number to be voided
- 8 The original amount of the warrant to be voided
- 9 Section B - mark only one:
 - 1. The voided warrant will not be reissued.
 - 2. The warrant will be issued in the same amount to the same vendor. If warrant is lost, attach a Lost Warrant Replacement Request Form 19.20.30. In addition, a Stop Payment Request Form 19.20.20 is sent to the State Treasurer.
 - 3. The warrant will be reissued in the same amount to a different vendor. The new SAAS vendor number must be included.
 - 4. The warrant was issued incorrectly and must be reissued to the original vendor and another vendor. Items paid on the warrant and will not be paid to the original vendor must be marked on the Suspended Items from Warrant Payment screen print. The items marked will be paid to the vendor indicated on this line. The unmarked items will be paid on a separate warrant to the original vendor.
 - 5. The warrant to the original vendor must be reissued for a lesser amount. The excluded items from the reissued warrant must be marked on the Suspended Items from Warrant Payment screen print. All marked items will be excluded from the replacement warrant issued to the same vendor.
- 10 Section C. Complete this section only if an individual refund is required. If a system-generated credit was applied and then it was determined that the vendor warrant needs to be voided, the payment amount may still be owed. The agency must indicate any credits on a void request to ensure the void and reissue request is handled properly.
 - 1. If the refund has been processed, check "Yes" and complete item 2. If the refund has not been processed, check "No" and complete item 3.
 - 2. If the refund has been processed, review the SPAHRS Browse Vendor Credits screen or run the Credit Utilization Report. If the credit is still displayed on the browse screen, check "No" because the credit has not been taken. The Vendor Credit Utilization Report shows all credits applied by vendor and individual. If the credit appears on the report, check "Yes".
 - 3. If the refund will be processed in the future, check "Yes" and provide the date the refund will be processed. If not, check "No".
- 11 Provide a detailed explanation of why the warrant should be voided.

TOPIC	PAYROLL	SUB-SECTION 15.20.45
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SUB-SECTION	VOIDS, REISSUES AND VENDOR CREDITS	REVISION NUMBER 09-008

VENDOR CREDITS

SPAHRS vendor credits generate automatically when an individual's warrant is voided or a refund adjustment is processed. For example, a vendor is overpaid so the overpayment is credited so that the next time that he is paid, you won't have to pay as much. The credits are applied automatically by SPAHRS when a payment is made to the same vendor on a future payroll. If there are multiple credits to a single vendor, the largest credit amount will be taken first. Credits are not applied in the order they are generated. Additionally, SPAHRS will not apply partial credits. If the entire credit cannot be applied, the remaining balance will be held until the total amount is available.

Credits are taken by agency/vendor and do not address the account distribution of the original payments. For instance, a vendor credit is created from a payment out of an agency's special fund. The next payment to the same vendor is made from the agency's general fund. The credit will be taken to reduce the agency's general fund payment.

SPAHRS may not be able to apply all generated vendor credits. If the agency changes vendors and the former vendor has an unused credit, the credit cannot be applied. SPAHRS also cannot offset a credit if the single check flag was selected for the payment and the individual no longer has a deduction to the vendor. For example, if an individual was refunded a garnishment amount because the garnishment has been satisfied and the deduction expired; SPAHRS has no expense for which to offset the credit. If SPAHRS cannot apply the credit, the agency must request a refund from the vendor.

The agency is responsible for ensuring vendor credits are generated and applied correctly. Individuals can view vendor credits either online or from a report. Credits that are generated and not taken will appear on the Browse Vendor Credits screen. The Credit Utilization Report generates automatically and provides detailed information on all vendor credits. A copy of the report will be included with the payroll reports and warrants at DFA. The agency can also run this report by date or by vendor upon request. These reports are available through FMVIEW.

SPAHRs Void Vendor Warrant Request

Dept of Finance and Administration
OFM/Bureau of Financial Control
701-B Woolfolk Bldg.
501 North West Street
Jackson, MS 39201

Agency: _____ (1) _____

Payroll Officer: _____ (2) _____

Phone: _____ (3) _____ Date: _____ (4) _____

E-mail Address: _____ (5) _____

A. Enter information for the vendor warrant to be voided:

_____ (6) _____ (7) _____ (8) _____
SPAHRs Ag # Warrant # Amount

(9)
B. Please check type of void, and provide explanation in Section D. Attach required documents, such as indemnity bond, etc.

- _____ 1. Void and do not re-issue
- _____ 2. Void and re-issue for same amount to same vendor. See 19.20.30 for required attachments. (BFC - Do not suspend.)
- _____ 3. Void and re-issue for same amount to a different vendor. New Vendor Number _____
- _____ 4. Void and re-issue partial payment to a different vendor. Screen print Suspended Items from Warrant Payment screen (PA RD SI) and mark the items to be paid to another vendor. New Vendor Number _____
- _____ 5. Void and re-issue for a lesser amount. Screen print Suspended Item from Warrant Payment screen (PA RD SI) and mark the items **not** to be paid.

(10)
C. Complete this section if the individual is due a refund:

- 1. Has the individual refund been processed? _____ Yes _____ No (if No, skip to 3.)
- 2. Has credit from the refund been applied? _____ Yes _____ No
- 3. Will a refund be issued? _____ Yes _____ No (if Yes, date payment will be issued? _____)

(11)
D. Explain why it is necessary to void the warrant:

DFA USE ONLY

Date Processed	Initials	Run #

SPAHRs Void Vendor Warrant Request

Dept of Finance and Administration
OFM/Bureau of Financial Control
701-B Woolfolk Bldg.
501 North West Street
Jackson, MS 39201

Agency: _____

Payroll Officer: _____

Phone: _____ Date: _____

E-mail Address: _____

A. Enter information for the vendor warrant to be voided:

SPAHRs Ag #	Warrant #	Amount
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B. Please check type of void, and provide explanation in Section D. Attach required documents, such as indemnity bond, etc.

- 1. Void and do not re-issue
- 2. Void and re-issue for same amount to same vendor. See 19.20.30 for required attachments. (BFC - Do not suspend.)
- 3. Void and re-issue for same amount to a different vendor. New Vendor Number _____
- 4. Void and re-issue partial payment to a different vendor. Screen print Suspended Items from Warrant Payment screen (PA RD SI) and mark the items to be paid to another vendor. New Vendor Number _____
- 5. Void and re-issue for a lesser amount. Screen print Suspended Item from Warrant Payment screen (PA RD SI) and mark the items **not** to be paid.

C. Complete this section if the individual is due a refund:

- 1. Has the individual refund been processed? Yes No (if No, skip to 3.)
- 2. Has credit from the refund been applied? Yes No
- 3. Will a refund be issued? Yes No (if Yes, date payment will be issued? _____)

D. Explain why it is necessary to void the warrant:

DFA USE ONLY

Date Processed	Initials	Run #

