

## OUTSOURCING PROCEDURES

### PAYROLL

**Confidentiality:** Information regarding your payroll is strictly confidential. We will not speak to anyone regarding payroll outside of the authorized individuals, including your employees. Please inform us as quickly as possible regarding any changes to authorized personnel within your organization.

**New Hires for Online Users:** For our Kp Pay online users, you will receive a login for our secure payroll portal and have access to enter or revise employee information. Training will be provided free of charge for your administrative user(s) after implementation.

**New Hires for Non Online Users:** The New Employee Packet is found in this section of our website for your convenience. We only need the Employee Data and Direct Deposit Authorization Forms returned to us.

If you have more than 4 new employees per payroll, please forward the information to your Payroll Account Representative at least 2 days prior to your processing date.

**Submitting Payroll Data Online:** Our preferred method of payroll submission is utilizing our Kp Pay online solution. Online submissions prove to be more accurate and efficient. In addition, it provides documentation for the payroll transactions.

**Submitting Payroll Data by Email:** Each payroll packet includes a payroll worksheet to record hours and verify each employee's information. You are responsible for emailing this worksheet to your assigned Payroll Account Representative.

**Hourly Employees:** Hourly employees' information must be separated into regular and overtime hours to be paid accurately. If no hours are submitted, the employee will not be paid.

**Salaried Employees:** Salaried employees will automatically be paid unless otherwise noted on the worksheet. If the salaried employee is to be paid a different amount than the regular pay, please provide an indication on the worksheet of the amount to be paid.

**Totals:** When using our payroll worksheet, please record totals for each hour category (regular, overtime, vacation, PTO, etc.) Your totals will be compared to the totals after data entry. If no totals are provided, we cannot be held liable for any corrections that may be required.

**Two (2) Bank Days Submission Deadline:** All payroll must be submitted no later than 2:00 p.m. two (2) banking days prior to check date. For example, payroll must be submitted by 2:00 p.m. CDT on Wednesday to guarantee a Friday check date.

**Late Submission:** Payroll information received after the 2:00 p.m. on your scheduled processing day is considered late and a late submission charge of \$30.00 will be assessed.

**Next Day Direct Deposit:** If a next day direct deposit is required in an emergency, availability of funds cannot be guaranteed and a \$50.00 surcharge will be assessed.

**Billing Information:** Fees are impounded at the time your payroll is processed. You will receive a Payroll Liability Report which outlines the total amounts to fund the net checks, taxes and our invoice. These fees are automatically impounded from your predetermined bank account. If funds are unavailable additional charges will be assessed.

**Handwritten and Manual Checks:** There are various situations which create a need for a payroll check outside of the scheduled pay period. As a result, there are several methods to handle the situations. First and foremost, if you write a check to an employee for payroll, the information from this check needs to be reported to us as soon as possible.

A manual check calculator is found within our Kp Pay online solution for clients who have access to it. It will allow you to calculate a "net" or "gross up" amount. To avoid any confusion, your Payroll Account Representative is available to assist you to decide what method works for your situation.

#### **Year End:**

**Form W-2 Production:** Prior to the end of the year, you will receive an Employee Listing Report containing all of the employee's personal information. You will be required to review this information and return it with any necessary changes. This information is necessary for the accurate production of the Form W-2s.

**Employer Fringe Benefits:** Prior to the end of the year, you will receive a request for any health and/or accident insurance premiums paid by the company on behalf of a greater than 2% S corporation shareholder-employee. These premiums are deductible by the S corporation and reportable as wages on the shareholder-employee's Form W-2. Therefore, we need this information to enter it within the system on a payroll prior to the last payroll of the year.

**Personal Use of Company Car:** The IRS counts goods, services, and experiences given to employees in addition to standard wages as a form of taxable income. In most cases, time spent using a company car for personal use is considered a taxable fringe benefit. If your small business pays you a salary, you would owe tax on the financial equivalent of that benefit. Personal use of a company car includes commuting to and from work, running errands or allowing a family member who is not a company employee to use the vehicle. There are three calculations from which to choose: the automobile lease valuation rule, the cents per mile rule or the commuting rule. Our staff is unable to make these calculations on your behalf. If you are unable to provide us with the cost of your personal use, you will need to contact your accountant.