

FP-15: Payroll

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I. General Purpose and Scope

The Banner Human Resource/Payroll (HR/PR) system at East Tennessee State University includes the Payroll and the Human Resources functions. This section of the Financial Procedures Manual addresses Payroll Policies and Procedures. It is not intended to be all-inclusive, and therefore will not contain all policies and procedures. These may be found in the [Tennessee Board of Regents Policies and Guidelines](#), the [ETSU Faculty Handbook and the Human Resources Policies and Procedures Manual](#).

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II. Ownership and Usage of Personnel/Payroll Files

The Office of Human Resources is considered the owner of the human resources and payroll data. The Office of Human Resources and the Payroll Office are the authorized offices to update the on-line personnel and payroll files. Anyone needing access to the HR/PR data must complete a Banner HR Computer Account Request Form, obtain the appropriate signatures and return the form to the Office of Human Resources for approval and further processing.

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III. Time Reporting System

ETSU uses the Time Reporting System (TRS) to report employee work time or leave time that will be used for the preparation of the payroll. Time is entered by timekeepers in each timekeeping location and is approved by the assigned approver for each location. The system allows audit functionality in addition to timekeeping, approval and payroll functions.

Timekeepers are users who enter information from the timesheets into TRS. Each timekeeper is assigned to one or more timekeeping locations. A given timekeeping location must have two or more active timekeepers so that timesheets can be entered by the posted deadline for each payroll period. One timekeeper is required to be scheduled to work when the data entry will take place.

Approvers are users who review entries and approve that they are entered correctly. Only one approver is allowed per timekeeping location. Approvers may approve multiple timekeeping

locations. An approver must be a permanent, budgeted employee in a supervisory capacity. This person must be aware of and have responsibility for the employees' schedules. An approver cannot approve his/her own timesheet.

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IV. Time Report Procedures

In order for an employee to be paid, an individual time report must be completed by the employee, approved by the supervisor, and submitted to the departmental timekeeper. The timekeeper will enter the information into TRS. Departments are responsible for entering the departmental data into TRS by the dates published in the TRS time report schedule. The approver is responsible for reviewing the accuracy of time entries within 60 days after the pay period closes for entry.

In rare instances, the Payroll Office will enter departmental time reports when both timekeepers are unable to perform their assigned duties due to emergency unplanned absences. The Payroll Office must receive the original time report for data entry. Copies cannot be accepted. Faxes may be sent from off-campus locations to be followed by the original time report through the mail. To complete the data entry, the time report must contain the information in 1- 8 listed below. The Payroll Office cannot process incomplete time reports. Departments will be charged an overhead fee of \$10 per time report for time reports that are not entered by the department but are forwarded to the Payroll Office after an employee has been setup for processing through TRS.

Each employee is required to use the approved ETSU time report. The timekeeper can distribute time reports using TRS or an employee can use the blank time report located at the Payroll Office website.

The individual time reports will be distributed by the departmental timekeeper at the beginning of a pay period for use during the current pay period.

The time report contains the following information:

1. Employee name
2. Banner E#
3. Timekeeping location
4. Department Name
5. Pay period (From –Through)
6. Pay ID (MN, S1, or SM)
7. Title
8. Position Number
9. Return by date (to Timekeeper)
10. Leave balances

Completion of the individual time report is governed by the following:

1. TEMPORARY/HOURLY EMPLOYEES will record actual hours worked by day on the third line of the individual time report. These temporary/hourly employees will not record leave time.
2. SUPPORT STAFF (clerical and others) will record time not worked due to authorized applicable leave on the top two lines of the individual time report for sick and annual leave. The code for leave taken other than sick and annual leave should be recorded on line 4 with the corresponding hours on line 5. Codes for leave types are listed at the bottom of the form. Support staff are required to record all hours worked. Regular hours worked should be recorded on the third line.

Additional hours worked should be recorded on line 5 with the applicable overtime code on line 4. An employee must receive the approval of their supervisor prior to working any overtime. The index number to be charged must be identified if other than the Home Organization for overtime.

3. ADMINISTRATIVE EMPLOYEES will record time not worked due to authorized applicable leave on the top two lines of the individual time report for sick and annual leave. The code for

leave taken other than sick and annual leave should be recorded on line 4 with the corresponding hours on line 5. Codes for leave types are listed at the bottom of the form.

4. FACULTY will record time not worked due to authorized applicable leave on the top two lines of the individual time report for sick and annual leave. (Most faculty do not earn annual leave; therefore, the annual leave line may not be applicable.) The code for leave taken other than sick and annual leave should be recorded on line 4 with the corresponding hours on line 5. Codes for leave types are listed at the bottom of the form.

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V. Student Time Report Procedures

The student payroll function is processed through the Human Resource/Payroll system. The Financial Aid Office controls or monitors a student's eligibility to participate in the Federal Work Study Program (FWSP) or the Regular Student Work Program (RSWP). (Students on the Academic Performance Scholarship are not included in the Human Resources/Payroll system unless they also receive RSWP wages. The APS is a scholarship.)

Students desiring to work on FWSP or RSWP must apply through the Financial Aid Office. When the application process is complete and the program (FWSP or RSWP) determined, the student may interview for jobs advertised in that program. The student is considered hired for the job when the department signs and returns the "Request to Hire" to the Financial Aid Office. The Financial Aid Office will activate the student information on the Human Resource/Payroll system. A time report will be provided to the student by the departmental timekeeper. The departmental timekeeper will enter the information into TRS.

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VI. Retention of Time Reports

The individual time reports will be filed in the originating department for a period of five years as back up for entries to TRS. When the Payroll Office enters the time report data for the department, the original time report will be filed in the Payroll Office for a period of five years as back up for entries into Banner.

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VII. Fiscal Year Salary Allocation

It is the responsibility of each department to properly allocate their employees' wages, including extra compensation, to the appropriate Index/Account code.

The assignment of an individual's time and effort on state, restricted, and foundation funds is critical in record maintenance of the university. Failure to properly allocate time and effort could result in disallowance of expenditures by granting agencies. The Fiscal Year Salary Allocation form must be used to change the allocation of an individual's time and effort to the proper fund(s). This form is not used for an initial hire. In order to have timely submissions and correct accounting of an individual's effort the following policies must be followed:

1. A Fiscal Year Salary Allocation form should be completed and approved no later than one month from the effective date of the change. As an example, if the start date was July 1st, the change of status should be approved by all parties and in the Office of Human Resources prior to August 1st.
2. A pre-award should be completed through the Office of Research and Sponsored Programs Administration if there will be delays in the assignment of a grant or contract number due to signatures or contract negotiations. A pre-award will permit grants and contracts accounting to provide a new fund number, in which the individual's effort can be properly assigned.
3. Any retroactive fiscal year salary allocation beyond the one-month period will require a service charge of \$500.00. For academic units, the charge will be to the dean's account of the respective college for each change of status. The Vice President or President will determine the appropriate account to be charged for non-academic units. Exceptions to the charging for retroactive change of status beyond the one month period will require the approval of the Vice President for Finance and Administration.

The attached Fiscal Year Salary Allocation form (Exhibit 15.D) must be used for all transactions affecting an individual work allocation after the initial hire.

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VIII. Leave Procedures

Each department will be responsible for monitoring the leave balances of its employees. Leave liability reports are available on ePrint for authorized users. Anyone needing access to the HR/PR data must complete a Banner HR Computer Account Request Form, obtain the appropriate signatures and return the form to the Office of Human Resources for approval and further processing. Because leave is reported in the month after it is taken, it is important to notify the Payroll Office and the Office of Human Resources when an employee is about to exhaust or has over-expended leave. Departments must notify the Office of Human Resources ten working days prior to the pay date when employees have exhausted all available leave balances. Timely notification will prevent incorrect checks being issued. If payment is improperly issued due to a department not making timely notification, the departmental budget will be charged if the funds cannot be collected from the employee.

The leave type entered on the time report and in TRS should accurately reflect the reason an employee is not at work. If the employee has exhausted the available leave hours in one category, the system automatically cascades hours from one leave category to another as follows:

Non-exempt employees:

1. If sick hours are unavailable, hours are taken from comp hours.
2. If comp hours are unavailable, hours are taken from annual hours.
3. If annual hours are unavailable, employee's paycheck is docked.

Exempt employees:

1. If sick hours are unavailable, hours are taken from worked holiday hours.
2. If worked holiday hours are unavailable, hours are taken from annual hours.
3. If annual hours are unavailable, employee's paycheck is docked.

Per Tennessee Code Annotated §8-50-801, compensatory or worked holiday hours must be taken prior to annual leave hours unless the annual leave balance is within 2 days of the maximum accrual rate for the employee. All compensatory and worked holiday balances as of April 30 will be paid in May each year.

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IX. Extra Compensation Request

Extra compensation is defined as any work performed by an employee outside of the normal contract and must be paid through payroll. The Request for Extra Compensation form is used to document these earnings for exempt ETSU employees including the College of Medicine, College of Pharmacy, and Family Practice personnel. Examples of these earnings are non-degree instruction (CEU's), or temporary additional administrative duties.

The Request for Extra Compensation form is processed through the Office of Human Resources to the Payroll Office. This form is not for use on overtime, faculty overloads, or non-employees who provide one-time services for the university. The Request for Extra Compensation form will not be accepted more than one month in advance. Any questions concerning the use of this form should be directed to the Office of Human Resources.

Non-exempt employees including support and clerical staff, temporary hourly employees, and student workers cannot be paid using an Extra Compensation form due to the requirements of Fair Labor Standards Act (FLSA). Generally, graduate assistants cannot receive extra compensation. They must have prior approval from the School of Graduate Studies.

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X. Pay Stub Information

Information on the pay stub includes:

1. Employee name

2. Employee E-number
3. Pay number
4. Payroll period
5. Deposit number
6. Deposit amount
7. Pay type

A complete listing of all pay categories represented in the Current Gross Pay amount will appear in the Pay Type explanation portion of the statement. Each pay category will be identified in the pay type column, and the appropriate units and/or dollar amounts will be listed. Explanations of each category may be found on the Office of Human Resources and Payroll Office web pages under [Payroll Check Abbreviations](#).

8. Taxes and deductions

A similar listing of all taxes and deductions will appear in the column on the right with current and year-to-date amounts.

9. Deposit summary with a listing of bank deposit amounts, and net pay totals.
10. Year to date gross
11. Deposit date
12. Leave balances
13. Federal filing status

REMEMBER: Leave balances do not include any leave taken during the reporting period being paid.

Leave balances are calculated during the payroll process according to the following formulas:

Semi-Monthly Employees

August 15 payroll run

balance as of 7/31

- leave taken 7/16-7/31

balance as of 8/15

August 31 payroll run

balance as of 8/15

- leave taken 8/1-8/15

+ accrual for 8/1-8/31

balance as of 8/31

Monthly Employees

August 31 payroll run

balance as of 7/31

- leave taken 7/1-7/31

+ accrual for 8/1-8/31

balance as of 8/31

EXCEPTION: The July 31 leave totals represent the July 1 beginning balance plus the employee's leave hours accrued in July. The July 1 balance reflects the June 30 balance plus any adjustments made due to the maximum limits for annual leave established by the Tennessee Board of Regents Policy 5:01:01:01, Section II and leave taken June 1-30 as manually entered by the Payroll Office.

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XI. W-2 Procedures

W-2 forms are completed during the month of January and distributed to employees by January 31. The Payroll Office is responsible for verifying the total earnings and taxes. The Financial Accounting Office is responsible for the initiating the distribution of the forms.

Each employee has the option of receiving their W-2 by electronic delivery. If electronic delivery is chosen, the employees will receive their W-2 via GoldLink and through email to their ETSU mail account with a secure PDF attachment. For those not electing electronic delivery, the W-

2s are printed by the Financial Accounting Office as well as delivered electronically. Departments are responsible for picking up the W-2s from the Office of Financial Services, distributing them to current employees, and mailing them to all non-current employees by January 31.

It is the responsibility of employees to make sure that their current address on file is correct. Address changes need to be made in the Office of Human Resources for faculty/staff, Financial Aid for student workers, and College of Medicine for Medical Residents.

All questions concerning distribution of the W-2s should be referred to the Financial Accounting Office (9-6107). Questions concerning the amounts on the W-2 should be referred to the Payroll Office (9-5320).

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XII. Payroll Office Responsibilities

The Payroll Office has responsibility for and control of payroll source documents including, but not limited to, Fiscal Year Salary Allocation forms, authorization forms for payroll deductions, and Request for Extra Compensation forms. The Payroll Office monitors leave hours used and hours worked for non-exempt employees; calculates overtime hours for non-exempt employees; and enters extra compensation, deductions, benefits, taxes, position assignment transactions, and assignment changes. The office staff also balances the payroll calculations to control totals, schedule payroll runs, and create federal and state government reports (including but not limited to W-2s, 941s, state retirement, and employment security).

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XIII. Departmental Offices Responsibilities

1. Maintain two active timekeepers and one active approver in TRS at all times.
2. Ensure that one official timekeeper is scheduled for work when the TRS data entry will take place.
3. Enter all departmental time reports into TRS before the entry deadline for each payroll cycle.
4. Verify the accuracy of hours inputted into TRS within 60 days of entry and notify the payroll office of any errors.
5. Review payroll entries on the monthly ePrint financial statements to ensure accuracy of charges to accounts.
6. Verify information on each time report including an authorized supervisor signature and the employee's signature.
7. Retain original time reports entered in TRS for five years.
8. Ensure that the Office of Human Resources has the correct 'check distribution code' and 'timekeeping location code' for their employees.
9. Notify the Office of Human Resources of an employee's status change.
10. Track leave balances for each employee and notify Office of Human Resources 10 days prior to payday when all balances are exhausted.

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XIV. Direct Deposit of Pay

Effective January 1, 2008 direct deposit must be used by all full time and part time employees in compliance with TBR policy 5:01:00:00. Additionally, ETSU requires all student employees to participate in direct deposit of wages unless exempted by the Federal Work Study Guidelines. Direct deposit is a process by which an individual's net pay is electronically transferred to the employee's account at a financial institution. The University does not require or recommend the use of any particular financial institution. Once authorized, direct deposit is utilized for all salary payments to an individual.

Each new employee must complete an Authorization for Direct Deposit of Pay form. More detailed information about direct deposit is available in the Payroll Office, the Office of Human Resources, or the Financial Aid Office. See also ETSU Financial Procedure 33.

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XV. Distribution of Salary Payments

Notification of direct deposit of payroll will be delivered to employees through an email to their ETSU email account with a secure attachment PDF paystub prior to each pay date. Funds will be deposited in the employee account(s) at the selected financial institution(s) on the payroll date. Pay information is also available on GoldLink.

Payroll checks not issued via direct deposit will need to be picked by the employee in the Financial Accounting Office with the exception of students. Student worker checks will be mailed on pay day. All employees, except Federal Work Study students, are required to complete an Authorization of Payment by Direct Deposit form before the pay check can be released.

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XVI. Pay Dates

1. Monthly - last working day of the month.
2. Semi-monthly – last working day on or before the 15 th of the month and the last working day of the month.
3. Approved Supplemental Pay - Last working day on or before the 15 th of the month and the last working day of the month.
4. Longevity – End of the month of the employee’s longevity anniversary date included in the employee’s regular paycheck.
5. Summer session payments - last working day in June, July and/or August depending on sessions taught.
6. Graduate Assistants –
 - a. Yearly appointments - last working day of the month.
 - b. Academic year appointments - last working day of the month September-April.
 - c. Fall semester - last working day of the month September-December.
 - d. Spring semester - last working day of the month January-April.

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XVII. Deadlines for Forms and Paperwork for Pay

All required forms for extra compensation, fiscal year salary allocation, insurance deductions, or forms for new employees, including fully executed contract and required employee verification (application, copy of Social Security card, I-9, Glacier paperwork, direct deposit form, W-4), must be received in the Office of Human Resources or Financial Aid Office, as appropriate, by the 10 th or the last working day prior to the 10th for the end of the month payroll, (by the 3 rd or the last working day prior to the 3 rd in December), and by the 25 th of the previous month or the last working day prior to the 25 th for the 15 th payroll to ensure payment.

Updated direct deposit or W-4 forms must be in the Payroll Office by the 20 th of the month for the end of the month payroll, (by the 5 th in December), and by the 5 th of the month for the 15 th payroll.

All payments outlined above are contingent upon necessary forms, actions, and approvals being completed and submitted by the cut-off dates indicated above. Payments authorized by the actions completed after the cut-off dates will be included on the next regular payroll for that person.

All new monthly-paid employees will receive their first payment on the next regular payroll, provided that all necessary forms, actions and approvals have been completed and are in Human Resources by the 10 th of the month or the last working day prior to the 10 th, and their first day of employment is during the current month. Employees whose paperwork is not received before the cut-off date will receive their first payment at the end of the following month.

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XVIII. Supplemental Pay

In cases where the required forms are not received in the appropriate offices by the dates noted above for inclusion in the current pay cycle, payment will be made on the next regular pay date (15 th of the month for semi-monthly or end of month for monthly employees). Student employees who are affected by a delay in receiving a payment may apply for a short term emergency loan through the Bursar's Office to be repaid upon receipt of his/her next paycheck. Students should request the payment through the Payroll Office where the amount due will be calculated. The authorization from the Payroll Office is then processed with the emergency loan forms in Financial Services.

If the amount of pay due is greater than \$250 for students or \$1,000 for non-students and the delay of pay will result in a documented extraordinary financial hardship to the employee, he/she may request a special supplemental check which will be distributed with the regular payroll on the next pay date (15 th or end of month). The request must detail the financial hardship and reason for the delay in submission. The request must be approved by the employee's department head, dean, and vice president, as well as the Associate Vice President for Financial Services. An administrative charge-back of \$100 for students and \$500 for non-students will be made to the requesting department for each special supplemental check.

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XIX. Terminations

Departments are responsible for notifying the Office of Human Resources immediately if an employee leaves the employment of the department. If payment is improperly issued due to a department not making timely notification, the departmental budget will be charged for the overpayment if the funds cannot be collected from the employee.

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Links to Forms

The following forms may be found on the [Financial Services forms web page](#)

Exhibit 15.A - [Time Report](#)

Exhibit 15.B - [Request for Extra Compensation](#)

Exhibit 15.C - [Authorization for Direct Deposit](#)

Exhibit 15.D - [Fiscal Year Salary Allocation](#)

Exhibit 15.E - [TRS Timekeeper Instructions](#)

Exhibit 15.F - [TRS Approver Instructions](#)

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