

Department of Human Resources

LOB #28:

PAYROLL ADMINISTRATION

Purpose

The Payroll Division is responsible for ensuring timely and accurate biweekly payments to more than 16,000 County employees in compliance with applicable Federal, State and County laws and regulations. In addition to processing the payroll, the Payroll Division is responsible for posting documents and payments to the finance module within the FOCUS system and ensuring timely payment of federal and state taxes. This division provides HR and Payroll support to payroll contacts and HR managers in each of the County agencies. As official custodian of County personnel and payroll records, the Payroll Division is responsible for maintaining employee records, responding to subpoenas and verifications of employment, and assisting internal and external customers.

Description

Integral to the successful processing of payroll is accurate time and attendance recording, as well as biweekly payroll actions to update leave, tax and direct deposit records for County employees. Payroll staff, working with partners in the agencies, provides consultation, reports and audit support to ensure compliance with appropriate laws and regulations. Staff also responds to unemployment insurance claims and wage garnishments for child support, bankruptcies and tax levies. Accuracy and clear, timely communication are critical to compliance and strong customer service.

Another key responsibility of the Payroll Division is the production of W-2's for all County employees, a number in excess of 20,000 annually. All tax reporting is done in-house, including quarterly and annual reporting to the IRS, Social Security Administration and several state governments.

With a workforce that varies from 14,000 to more than 16,000 over the course of the year, payroll activity is voluminous as employees are hired, transferred, promoted, and terminated across more than forty-five agencies. Payroll staff ensures that the biweekly control audits and reports to the IRS, Virginia Employment Commission (VEC) and other entities are completed on time and accurately.

To support efficient payroll operation, collaboration with agency payroll contacts is a top priority. The Payroll Division provides its partners with regular updates and training to promote consistent, accurate application of payroll policies and procedures.

Benefits

The Payroll Division ensures that County employees are compensated correctly for hours worked and leave taken. This compensation must comply with applicable federal, state and County requirements. Incorrect or untimely payments to employees can affect an employee's livelihood. Employees have come to expect and trust that their "pay is right" and that positively impacts employee morale.

The Payroll Division monitors the deadlines established by federal and state governments for the submission of tax payments. Failure to meet these deadlines would result in late filing penalties. In addition, comprehensive payroll reports and queries have been developed that assist in capturing time reporting data which prevents incorrect payments to employees. Payroll staff proactively identifies issues and changes in tax law to ensure timely compliance with minimal disruption.

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Mandates

The Fair Labor Standards Act (FLSA) regulates minimum wage rates, overtime pay, child labor, and equal pay for employees covered by the law. The Payroll Division verifies compliance based on the employee's work period. For example, staff ensures that 7-day work period non-exempt employees are paid one and a half times salary for hours over 40.

The Immigration Reform and Control Act (ICRA) prohibits employers from hiring persons who are not authorized to work in the U.S. and from discriminating against those who are authorized to work based on their national origin or citizenship. The Payroll Division audits I-9 forms submitted by agency payroll contacts to ensure compliance. The division tracks and monitors documentation submitted with a work authorization expiration date.

The Uniformed Services Employment Reemployment Rights Act (USERRA) protects civilian job rights and benefits for veterans and members of Reserve components. The Payroll Division is responsible for processing military pay differential for activated reservists whose military pay is less than their County pay.

The Fairfax County Personnel Regulations and the Fairfax County Personnel Payroll Administration Policies and Procedures apply to positions and persons in competitive service. The Payroll Division ensures compliance with pay, time reporting, leave programs and personnel administration as it relates to these regulations and procedures.

The Library of Virginia determines the record retention requirements and record destruction schedules for Virginia that the Payroll Division must follow.

The Family and Medical Leave Act (FMLA) guarantees 12 weeks of unpaid leave to most employees to care for newborn or newly adopted children or to deal with a serious illness or injury suffered by the employee or an ailing child, spouse, or parent of the employee. The Payroll Division assists agency departments with the proper reporting of time for employees on FML.

The Virginia Workers' Compensation Act provides guidance related to compensation for injured employees. The Payroll Division assists agencies with the proper reporting of time for employees on injury leave. In addition, the Payroll Division is responsible for adjusting workers' compensation-eligible wages for proper tax reporting.

The Virginia Government Data Collection and Dissemination Practices Act provides guidance on the collection, maintenance, dissemination and use of personal information. As custodian of employee personnel records, the Payroll Division must ensure that the correct guidelines are followed.

The Payroll Division ensures compliance with the tax reporting deadlines, appropriate wage reporting, and appropriate taxation of wages earned as specified in Publication 15, Employer's Tax Guide, of the Internal Revenue Service.

Trends and Challenges

A major trend for the Payroll Division is the provision of payroll training to division staff, payroll contacts and other County employees in order to increase efficiency and proficiency in personnel administration and payroll processing. The division is also working to develop more effective reports so that customers are better able to manage payroll data. Staying abreast of ever-changing payroll laws is a significant challenge. An example is the impending change to Department of Labor regulations regarding overtime eligibility.

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Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
LOB #28: Payroll Administration			
FUNDING			
<u>Expenditures:</u>			
Compensation	\$1,121,402	\$1,141,610	\$1,043,879
Total Expenditures	\$1,121,402	\$1,141,610	\$1,043,879
General Fund Revenue	\$42,095	\$42,939	\$42,026
Net Cost/(Savings) to General Fund	\$1,079,307	\$1,098,671	\$1,001,853
POSITIONS			
<i>Authorized Positions/Full-Time Equivalents (FTEs)</i>			
<u>Positions:</u>			
Regular	15 / 15	15 / 15	15 / 15
Total Positions	15 / 15	15 / 15	15 / 15

Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Number of W-2 forms produced, printed and mailed	18,375	20,815	21,148	22,735	24,235
Total rehires and new hire actions processed	3,875	3,769	4,332	4,568	4,888

W-2 forms are processed in house. Over the last three years, the number produced has increased to reflect the growing number of hires and rehires as well as an increase in the number of categories of individuals that are required to receive a W-2. Payroll Division efficiency has increased and W-2 forms continue to be distributed to employees prior to the required deadline. This is done in coordination with the print shop and the mail room. The number of W-2 forms processed is expected to continue to rise due to turnover from retirements.

Payroll staff is responsible for auditing and approving all new hire and rehire actions. Each year, the number of actions has increased and the staff of four has been able to effectively process the actions within the required biweekly deadlines. It is anticipated that the number of actions performed in FY 2017 will exceed prior year totals. This is driven primarily by an increase in the number of retirements and related new hire actions as well as the presidential election in November 2016. Recent IRS requirements mandate that individuals serving as election workers (estimated number for fall 2016 is 3,400) be paid through the County's payroll system, following the same employment verification requirements as other new hires. Payroll staff has had to become more efficient through use of technology, streamlined processes, and clear communication with agency counterparts to continue processing the high volume of actions with the same level of resources.