2200. PAYROLL OVERVIEW

2200.1 REFERENCES:

1. O.C.G.A. 18-4-21, 13-4-113, 19-6-30, 19-11-20, 20-2-6, 45-7-25, 45-7-50 through 45-7-53, 45-18-1, 45-18-3, 45-18-14, 45-18-36, 45-18-52, 45-20-50, 47-2-1 (23) 47-2-52, 47-2-71, 48-2-32, 48-7-106, 48-7-101,
2. Internal Revenue code, Chapters 24 and 64
3. U.S.C. 28-2075, Bankruptcy
4. Public Law 99-272, Consolidated Omnibus Reconciliation Act of 1985, Unemployment Insurance
5. Act 996, Ga. Laws 1992, Georgia Defined Contribution Plan
6. Act 966 (H.B. 1596)
7. State Personnel Board-Rules & Regulations
8. Internal Revenue Service - Circular E, Employer Tax Guide
9. Internal Revenue Code – 79, Imputed Income

2200.2 General Information

A. Payroll for DFCS staff is paid on a semi-monthly payroll cycle. The payroll cycle ends and payroll checks are paid on the 15th and the last day of the month, see SMI Payroll Schedule (Attachment #1), in your forms section, unless these days fall on a holiday or weekend. In this situation, checks are issued the last working day before the holiday or weekend.

NOTE: If pay day falls on a FURLOUGH Day, unless it is also a federal holiday, payroll will be dated that day.

B. The effective date of appointment for a new employee is the first day he/she reports for work. Employees who start on the first workday of the pay period should establish membership with the Employees' Retirement System (see Section 2206 on Employees' Retirement System Plans).

NOTE: Effective, January 1, 2009 any employee hired by the state will establish membership with the Georgia State Employees' State and Pension Plan (GSEPS)

NOTE: Even if a person has a break in service, as long as they did not withdraw their contributions from the OLD or NEW Retirement Plan, they may be eligible for enrollment back into their original Retirement Plan. Verification from the Employee's Retirement System should be obtained by either Personnel and/or Payroll to ensure they are registered to the correct Retirement Plan.

C. If a holiday or Furlough falls on the beginning of the pay period, the day after the holiday is considered the first workday for benefits and Employees' Retirement System (ERS) purposes.

D. New employees reporting the day after a holiday are in a partial pay period and are not paid for the holiday. A new employee must actually report for duty on the holiday in order to be paid for the holiday.

NOTE: If the furlough day is the first day in a pay period for an appointed employee, they will observe the furlough day and their payroll will be reduced accordingly.

E. Personnel actions are required to enter salaries into PeopleSoft to determine pensionable salaries for benefit computation. County Departments and Regional Accounting staff with PeopleSoft access can verify pensionable salaries directly from the system.

F. A separate check number sequence is to be used for payroll checks. The rationale for requiring a separate check number sequence is due to Accounting having to complete direct deposit and payroll early in the month. If the same check number sequence is used for payroll checks as other disbursements, it would not be possible to keep the check numbers in numerical sequence-unless disbursements are held until after the payroll dates.

G. The county should work with their local bank to encourage them to provide banking services/payroll checks to the lead county at no cost. This will significantly reduce the cost of using two or more types of checks for different disbursements.

NOTE: Effective, April 1, 2010, it is now mandatory for all employees to receive their payroll checks either via direct deposit or direct payment card. The only paper checks that should be issued for payroll is for New Employees who are doing the direct payment card, Terminal Annual Leave checks, and the payroll withholding checks.

2201. Holiday Pay

A. An employee must be in pay status the full scheduled work shift the **work** day before or after the holiday in order to be compensated for the holiday, except when

1. An employee is terminating state service and the holiday is in the next calendar year; or,
2. An employee is appointed the day following a holiday.

B. When an employee resigns the work day preceding a holiday, the employee is **not entitled** to additional compensation for the holiday. DHS Policy states that "an employee" is entitled to holiday compensation provided they are in full pay status the work day before and the work day after the holiday, a person who resigns/terminates is no longer an employee and is no longer entitled to holiday compensation.

C. Any employee whose normal time off occurs on a declared holiday or is required to work on the Holiday will be granted equivalent time off (up to 8 hours). Employees unable to take this time off within 120 calendar days after the holiday is to be paid for the Holiday. If the employee transfers or separates employment before using the accumulated holiday time, they are to be paid for this accumulated time (Personnel Policy #1004). This policy applies to Non-Exempt as well as Exempt Employees.

MONTH HOLIDAY OCCURS	DEADLINE DATE BEFORE PAYMENT FOR HOLIDAY
January - 2 Holidays	May 31st
April - 1 Holiday	August 31st
May - 1 Holiday	September 30th
July – 1 Holiday	November 30th
September - 1 Holiday	January 31st
October - 1 Holiday	February 28th
November - 3 Holidays	March 31st
December - 2 Holidays	April 30th

Holiday pay as it relates to Part Time Employees

- If the employee is scheduled off on the day of the holiday, they are not compensated.
- If the employee is schedule to work on the holiday, they are reimbursed for the number of hours they are normally scheduled to work for the day, not to exceed 8 hours.

2202 Salary Supplements

A. In order for the Office of Human Resource Management, Operations and Benefits Section, to enter appropriate information for salary changes:

1. Permanent Salary Adjustments – The percentage of increase/decrease (5%, 10%, etc) must be provided by the Commissioner

2. Temporary Salary Adjustments – The percentage of increase/decrease (5%, 10%, etc) must be provided by the Commissioner

3. When receiving 2 or more types of salary supplements, they should be calculated independently. (Base salary times percentage increase, then the 2 or more salary adjustment amounts are added together to make up Total Salary Supplement) **DO NOT ADD % TOGETHER** to calculate total salary supplements

4. Annual Raises are always calculated on Base Salary only.

2203. County Salary Supplements

A. County Divisions of Family and Children Services, subject to the approval of the Director of the Division of Family and Children Services and the DHS Office of Human Resource Management, may supplement salaries from county funds.

B. All county salary supplements must be included on the regular payroll of the County Department.

C. All county funded supplements to salaries must be in accordance with a plan providing for similar treatment of employees in the same job taking into account such factors as length of service, status, and service rating.

D. The County DFCS must obtain an approved county budget that includes funds for salary supplements. The County Board of Commissioners must approve the County Budget. Subsequently, the DFCS Board must approve the awarding of the salary supplement.

E. A letter must be written to the Director of the Department of Human Resources, Office of Human Resource Management for FINAL approval of the salary supplement. The State Personnel Board may require any such supplement to be discontinued.

F. All county funded salary supplements must be budgeted and reported through the state Uniform Accounting System (UAS).

G. County funded salary supplements are included when calculating monetary cash overtime . (This is only overtime that has been approved by the Division.)

H. The only Employer fringe that is to be calculated on County Supplements is FICA/Medicare.

I. County salary supplements are either funded with cash match or 100% county funds depending on the program involved and/or fund availability. If the county plans to use cash match to match their county supplements, then the use of cash match funding should be obtained from the DFCS Field Fiscal Services Director before submitting a request for county supplements to the state office.

NOTE: A copy of the approved county plan as well as the approval from the state office must be maintained and available upon request by the State Auditors. The plan should be approved yearly by the DFCS Board and minutes from that meeting be available upon request.

2204. Imputed Income

A. If an employee has $50,000 or more life insurance coverage and spousal life insurance with the Flexible Benefit Program, the extra "value" of the employee's coverage will be shown as Imputed Income on the employee's W-2 Statement in the appropriate box.

B. Imputed income is subject to State and Federal Income Tax liability, FICA and Medicare taxes (Employee and Employer**).**

C. Imputed Income must be included in the total wages subject to withholdings and in the FICA and Medicare wages reported on the Employer's Quarterly Tax Return (Form 941).

D. Below are the rates for 2011 used in calculating Imputed Income

Age	Monthly Cost per $1,000	Annual Cost per $1,000
Under 25	$.05	$.60
25 to 29	$.06	$.72
30 to 34	$.08	$.96
35 to 39	$.09	$1.08
40 to 44	$.10	$1.20
45 to 49	$.15	$1.80
50 to 54	$.23	$2.76
55 to 59	$.43	$5.16
60 to 64	$.66	$7.92
65 to 69	$1.27	$15.24
70 and Over	$2.06	$24.72

2205. Required Payroll Deductions

A. A description of the legally required payroll deductions may be found in the DHR Personnel Policy Manual. Many of the legally required deductions have reporting and remittance requirements not covered in the DHR Personnel Policy Manual. Please refer to the Schedule for Payroll Deductions and Remittance Reporting (Attachment #2).

Note: Because of the Nondisclosure provisions of the law allowing voluntary salary deductions, the authorization forms for certain types of payroll deductions should be kept in a separate file and not placed in the employee's personnel file. This includes all Court Ordered Deductions (such as Garnishments, Tax Levies, and Bankruptcies).

Note: If more information is needed concerning authorized payroll deductions, refer to the DHR Personnel Policy Manual or contact the DFCS Field Fiscal Services Unit, Kimberly Mitchell or Karen Hardy.

B. Required Payroll Deductions:

1. Federal Income Taxes – Chapter 24 of the Internal Revenue Code provides that all employees must have income taxes withheld from wages based on their current Employee's Withholding Certificate (W-4), (Attachment #3).

   a. Form W-4 information should be kept current for reporting purposes. Employees should be encouraged to update their W-4 information as changes in their status take place.

   b. Federal Income Taxes are withheld from employee's wages each pay period based on their current Employee's Withholding Certificate (W-4) completed by the employee.

   c. Invalid or incomplete certificates will be returned to the employee for completion/correction.

   d. The Regional Accounting payroll person will update W-4 changes for employees' payroll.

   e. If a W-4 certificate is not received for an employee, the employee's tax status shall be entered as single with zero allowances.

2. Social Security Taxes – O.C.G.A. 47-2-71 provides that a state employee who becomes a member of the Employees' Retirement System after May 1, 1956 must also contribute to the Social Security Administration (SSA). SSA sets the tax rate and wage base maximum annually.

   a. Deductions shall automatically begin when retirement deductions are activated.

   b. Social Security Taxes are required to be paid on all employees who became a member of the Employees' Retirement System after May 1, 1956.

   c. The tax rate and wage base maximum is set annually by the Social Security Administration. Social Security (FICA) Tax is comprised of Old Age Survivors and Disability Insurance (OASDI) and Medicare Insurance.

   d. The Consolidated Omnibus Reconciliation Act of 1985 provides that State employees, who are not eligible for Social Security (FICA) must contribute to the Medicare Tax if hired after May 31, 1986. There is no wage base limit for Medicare tax; all covered wages are subject to Medicare tax.

   e. Social Security (FICA) and Medicare taxes are levied on both employees and employers. DFCS must report both:

      * Employee Withholding
      * Employer Matching Contribution

   NOTE: Calendar Year 2011 Employee withholding for FICA was reduced to 4.2%.

   f. The tax rates applied to FICA taxable wages and to Medicare taxable wages are subject to change. The Circular E - Employer's Tax Guide, refer to IRS Website, for the current year should be consulted to determine percentages to be applied to FICA taxable wages and Medicare taxable wages.

   g. <u>Formula For Determining Taxable, FICA and Medicare Wages or the Federal Tax Deposit Calculation</u>. Either of these two forms will allow you to determine an individual employee's FICA or Medicare Taxable Wages.

3. Medicare Tax – Public Law 99-272 (the Consolidated Omnibus Reconciliation Act of 1985) provides that state employees who are not eligible for Social Security Tax must contribute to the Medicare Tax. The Social Security Administration sets this rate annually. All employees on DFCS' payroll contribute to the Medicare Tax.

   a. Deductions shall automatically begin when retirement deductions are not activated.

4. State Income Taxes – O.C.G. A 48-7-101 provides that all employees must have income taxes withheld from wages based upon their current Georgia Employee's Withholding Allowance Certificate (G-4), (Attachment #5).

   a. Form G-4 information should be kept current for reporting purposes. (Refer to the Georgia Employer Tax Guide, refer to Georgia Department of Revenue Website). Employees should be encouraged to update their G-4 information as changes in their status take place.

   b. State Income Taxes are withheld from employee's wages each pay period based on their current Georgia Employee's Withholding Allowance Form (G-4) completed by the employee.

   c. Invalid or incomplete certificates will be returned to the employee for completion/correction.

   d. The Regional Accounting payroll person will update G-4 changes for the employees' payroll.

   e. If a G-4 certificate is not received for an employee, the employee's tax status shall be entered as single with zero allowances.

   Note: If an employee claims 14 or more exemptions or an "Exempt" filing status, and they are expected to make more than $200 per week, a copy of the G-4 must be sent to:

   Georgia Department of Revenue
   Withholding Tax Unit
   Post Office Box 49432
   Atlanta, GA 30359.

5. Employees' Retirement System Contributions - O.C.G.A. 47-2-52 provides that employees, with the exception of students, who are required to work 35 hours or more per week on a position that is budgeted nine months or longer, must have their retirement contributions deducted from their wages. Employees hired between July 1, 1982 and December 31, 2008, must participate in the New Plan and those employees hired January 1, 2009 to present must participate in the Georgia State Employees' State and Pension Plan (GSEPS) (See Retirement Plans, 2206).

a. Upon appointment, transfer or becoming eligible for membership in the Employees' Retirement System, the employee must complete the GSEPS Opt-In Form (Attachment #21c) or the GSEPS Opt-Out Form (Attachment #21d) and forward it to the Personnel office.

b. The Personnel Representative shall forward the application on to the Employees' Retirement System and payroll so that the appropriate deductions may be taken.

c. On a monthly basis, deductions, along with employer's contributions are reported to the Employees' Retirement System.

6. Georgia Defined Contribution Plan (GDCP) – O.C.G.A. 47-22 provides that the temporary, seasonal and part-time employees who are not eligible for membership in the Employees' Retirement System must contribute to this plan.

a. Employees who are eligible for membership in the Georgia Defined Contribution Plan must complete the Georgia Defined Contribution Plan Retirement Application (Attachment #21b) and forward it to the appropriate Personnel office.

b. The Personnel Representative shall forward the application on to the Employees' Retirement System and payroll so that the appropriate deductions may be taken.

c. On a monthly basis, deductions are reported to the Employees' Retirement System.

7. Garnishments – O.C.G.A. 18-4-21 and 18-4-113 provides that creditors may, through the courts, issue a Summons of Continuing Garnishment against an employer as the garnishee and the employee as the defendant. See Garnishments 2207

NOTE: "Garnishment" is defined as any legal procedure by which the earnings of an employee are required to be withheld for payment of a debt.

8. Internal Revenue Service Levies – Chapter 64 of the Internal Revenue Code provides that, in order to satisfy the tax liability of an employee, the IRS may levy upon all wages and salary of the delinquent taxpayer. The Department is obligated to withhold the prescribed levy from the date the levy is made until the employee's tax liability is satisfied or becomes unenforceable. See Levies 2208.

9. Bankruptcy – Pursuant to U.S.C 28-2075, an employee may voluntarily file a petition of bankruptcy and submit a specified portion of future income to the court for payment to creditors. The Department is required to deduct the specified sum from the earnings of the employee for payment to the Federal Courts until the liability to the court is satisfied. See Bankruptcy 2209

   NOTE: Bankruptcies supersede all levies and/or garnishment. Written notice should be sent on tax levies and garnishments notifying them a bankruptcy has been filed. They may have been left off and would still expect payment.

10. Child Support (Income Deduction Order) – O.C.G.A. 19-6-30 provides that the Georgia Office of Child Support Enforcement may issue an income deduction order to the employer for withholding a specific amount from the designated employee's wages.

2206. Retirement Plans

A. **Old retirement plan with Social Security**. Employees must have been hired prior to July 1, 1982.

1. The Employer's Share is the percentage set by the Employee Retirement System (ERS Contribution Rates – Old Plan (Attachment #22a) times the monthly retirement salary.
2. An additional 5% less $7.00 per month is paid to ERS by the employer on behalf of the employee. The employee is entitled to the 5% less $7 per month (referred to as the employee portion paid by the employer) if termination of employment happens before retirement.
3. The employee is required to contribute 1.5% of their monthly retirement salary.

B. **Old retirement plan without Social Security**. Employees must have been hired prior to July 1, 1966. The contribution rates are the same (5%) except there is no Social Security ($7 per month) adjustment on the employee's contribution.

C. Georgia Defined Compensation Plan. This plan is for seasonal, temporary and other employees not eligible for the Employees' Retirement System.

1. Employee deduction is 7.5% of earned income.
2. There is no employer contribution in this plan.
3. These employees are subject to Medicare withholdings only**.**
4. Do not pay on terminal annual leave (TAL) or FLSA pay-outs.

NOTE: DFCS employees that return to work after retirement are exempt from GDCP and subject to Medicare withholdings only.

D. **New employee's retirement plan with social security**. This covers all employees hired between July 1, 1982 through December 31, 2008.

1. Employer's share is a percentage set by the Employees' Retirement System (ERS Contribution Rates – New Plan (Attachment #22b) times their monthly retirement salary
2. The employee is required to contribute 1.5% of their monthly retirement salary.

NOTE: Employees who are retired from the Teacher's Retirement System are not exempt and must participate in the Employees' Retirement System, unless the employee is part time. An employee transferring from the Teacher's Retirement System may choose to continue in their retirement program instead of the Employees' Retirement System plan. See instructions below as to how to

setup the employee in the accounting software and post their retirement expenditures.

NOTE: Employees that are hired after the age of 60 do not have to participate in the Employee Retirement Plan and will only be required to pay FICA and Medicare only.

E. **New Employees' Retirement System Plan without Social Security**. Eligibility is the same as Letter D above except that the employee is not covered under Social Security. This will be primarily for nonresident aliens.

F. Georgia State Employees' State and Pension Plan (GSEPS). This plan is for employees hired January 1, 2009 to present.

1. Employer's share is a percentage set by the Employees' Retirement System (ERS Contribution Rates – GSEPS (Attachment #22c) times their monthly retirement salary.
2. The employee is required to contribute 1.25% of their monthly retirement salary.
3. This option also allows for an employee to contribute up to an additional 5% into their GSEPS account through 401K, with the employer matching up to 3% of the additional contributions.

NOTE: The appropriate retirement plan for an employee who has a break in service depends on whether or not they withdrew their contributions. If they did not withdraw their contributions, they are entitled to be under their original retirement plan. If they did withdraw their contributions, then they must start over as a new employee with whatever retirement plan is currently in effect.

G. **Definitions: (O.C.G.A. 47-2-1 (23) and Regulations adopted by Board of Trustees)**

1. "Member" means any employee included in the membership of the retirement system. Member must spend at least the number of hours specified in regulations adopted by the Board of Trustees in the actual performance of his/her duties, provided that in no case shall the number of hours be less than 35 hours per week during at least nine months of a year.

2. "Earnable compensation" means normal salary and state supplements payable to a member employee for his full normal working time, excluding any supplements from local funds.

3. "Budgeted full-time positions" means that the position requires performance on a full time basis and is budgeted at 100% time. While the individual may change to a percentage work time schedule, the position remains budgeted full time.

4. "ERS member employee working part-time" means that an individual modified their work schedule for their convenience for a determined limited time to a percentage time employment. This individual would maintain ERS membership accumulating service credits and reported for their earnable compensation, based on the percent time worked, (i.e., 80%, 50%. etc.). The employee would have to remain on the 100% budgeted full-time position. (See # 3 above.)

5. "ERS member employee returning to full-time" (See #3 above) means that when the individual returns to full time work status, the individual would then accumulate service credits at 100% time.

6. "Georgia Defined Contribution Plan" is for individuals employed on a part-time basis and would not be eligible for ERS membership. The individual is required to be a member of GDCP.

7. "Going part-time to full time" means that if the individual subsequently changes to a full time work status in a budgeted position that meets the definition above, GSEPS membership would engage and GDCP membership would stop with said individual eligible for a refund of their GDCP membership contribution and accumulated interest.

NOTE: All part-time pay for an employee going to full time should be paid before paying first salary check. In the SMILE accounting system, leave the employee as a part-time employee until all part-time pay has been paid, then update to a full time employee.

NOTE: Part time employees who are asked to work on a full time basis for a short-time period (60, 90, 180 days, etc.) are still only eligible for GDCP deductions and not ERS.

Teacher's Retirement System instructions for a DFCS Employee.

1. When an employee transfers in from the Teacher's Retirement System and it is confirmed that the will be allowed to continue their contributions through the TRS plan, you need to contract the Teacher's Retirement System and have them provide you with a login for the TRS plan like you have for the ERS plan in order to transmit your files monthly and post your payment electronically. Their main contact number is 404-352-6500.

   NOTE: It is our understanding that continuation in the TRS plan is based on whether or not the employee is vested.

2. On the accounting software, payroll master file, you will need to choose the "T" for Teacher's Retirement System. The Employee's portion for the TRS retirement plan

is 5.53% and the system will calculate this based on the Normal Retirement Salary. The system will deduct this from the employee's pay check each pay period as normal.

3. The Fringe Report which is created at the end of the month which calculates the Employer's share of Retirement; however, is not designed to capture the Employer Rate for the Teacher's Retirement System so you will have to manually complete a General Journal Entry. The Employer's portion for the TRS retirement plan is 10.28%. The General Journal Entry will be a debit to Account # 515.XXX (program number) and a credit to Account # 217.003.

Fringe Report

a. The TRS employee will show up on the fringe report under their appropriate program.
b. Employee and Employer contributions will not show up on the summary report
c. Employee will not show up on the z report
d. There will be no individual summary report for TRS

NOTE: The pay history for this employer share will always show a"0" amount.

2207.0 Garnishments

A. A Sheriff, Marshal, Constable, or other officer of the court shall serve the Summons of Garnishment or Continuing Garnishment upon the County Department.

B. If the Defendant named in the Garnishment is not an employee, the county will notify the server of the garnishment immediately. If the defendant named was at one time an employee of the department the answer to the continuing garnishment should be completed.

C. Immediately upon receipt of the Summons of Garnishment or Continuing Garnishment, the County Department should forward the original summons to the Payroll Office for processing.

D. The employee must be notified of receipt of a Summons of Garnishment or Continuing Garnishment by a letter marked Personal or hand delivered. (Employee Garnishment Letter (Attachment #16a). In addition to serving the garnishment, the letter details the action that will be taken to satisfy the garnishment and sets forth steps the employee may take to stop the garnishment proceedings.

E. At the same time the letter is issued to the employee, the payroll person should take the appropriate actions to activate the garnishment and begin payroll deductions with the next payroll cycle.

F. A garnishment applies to earnings accumulated over a specified period of time, and the amount of money that must be forwarded to the court, as required by the garnishment, in some instances may not cover the entire debt owed by the employee. A continuing garnishment is only good for 179 days or if the debt is paid off sooner. Consequently, if the Garnishee wishes to continue to have payroll deductions taken for the debt a new garnishment order will have to be issued in order to satisfy a single employee debt.

G. When a Summons is issued, the Department is required to pay the court an amount not to exceed the lesser of:

1. Twenty five percent (25%) of the employee's disposable earnings for the pay period(s) concerned; OR

2. The amount by which the employee's disposable earnings for that pay period exceeds 30 times the Federal minimum wage in effect at the time the earnings are payable.

Note: To properly calculate the garnishment, please use Garnishment Calculations Formula (Attachment #16b).

Note: "Disposable earnings" are all earnings after the following deductions have been made:

a) Federal taxes

b) State taxes

c) FICA (Social Security)

d) Medicare tax

e) Retirement

H. If a garnishment is based on a judgment for alimony or child support, the Summons may contain a different specified percentage to be withheld.

I. Answer of Garnishment to the issuing Court is as follows:

1. Summons of Garnishment – Wages shall be garnished for 30 days and payment made no later than 45 days after service.

2. Summons of Continuing Garnishment – Wages will be garnished for 179 days and answers are filed with payment no later than every 45 days with the final answer no later than the 195th day after service. (Answer to Garnishment (Attachment #16c).

3. Should the garnishee (employer) fail to answer as required, a judgment by default could be entered against the garnishee for the amount of the claim owed by the employee.

4. Regional accounting is required to answer all garnishments even if currently making payments of garnishment from said employee.

   NOTE: If an employee has several garnishments served to the DFCS office, they are fulfilled in the order received. The court or creditor must be contacted in writing in regards to when they can expect their payments to be remitted.

5. A copy of the Answer of Garnishment is to be sent to the plaintiff (creditor) or plaintiff's attorney if addresses are supplied on the Summons.

   Note: If issues dealing with multiple garnishments arise, the DFCS Field Fiscal Services Unit or the Division's Legal Services Office should be consulted.

2207.1 Release of Garnishment

A. If an employee at any time secures a release from the garnishment, the payroll office must be provided a copy of the release from the court.

B. The payroll office will then confirm that the release is authentic, refund any money that has been withheld from the employee's wages, and have not yet been paid the court, and stop garnishment deductions from the employee's check. If the garnishment has already been remitted to the court, the employee will have to request a refund from the court.

C. When the garnishment is satisfied, the deductions from the employee's check will be stopped.

2207.2 Student Loans Garnishments

A. A Student Loan Garnishment is somewhat similar to a Summons for Continuing Garnishment. Student Loan Garnishments have no time lines. Deductions are to be made from the employee's check until the garnishment is paid in full or you receive a release from the courts.

B. The primary differences between Student Loan Garnishments and Court ordered Garnishments are as follows:

1. The amount to be withheld is fifteen percent (15%) of the employee's disposable earnings instead of twenty-five (25%) as in the case with Court related garnishments

2. Instead of filing an Answer to the Garnishment with the Court, payments are made directly to the Collection Agency assigned to handle the Student Loan debt.

3. If the County Department receives another Garnishment on an employee currently being garnished for a Student Loan and the second garnishment is Court related, it can not exceed fifteen (15%) of the employee's disposable earnings. (Together, the two garnishments are not to exceed twenty-five [25%] of disposable earnings.)

4. If, however, a garnishment is in force <u>prior</u> to the receipt of Student Loan Garnishment on an employee, the procedures for handling the second garnishment remain the same as with Court ordered Garnishments.

5. The first garnishment is requiring twenty-five (25%) to be withheld from the employee's disposable earnings, the Student Loan Garnishment must wait until the first garnishment is satisfied, or time limit expires.

2208. Internal Revenue Service Levies

A. The Internal Revenue Service will submit to the payroll office a Notice of Levy on Wages, Salary and Other Income. This is the means by which the IRS secures payment for taxes due from the employee/taxpayer.

B. If the taxpayer is a current Division of Family and Children services employee, a letter of notification is sent to the employee marked Personal or it is hand delivered. (Employee's IRS Levy Notification Letter (Attachment #17a).

C. The employee is also sent Form 668-W©, Statement of Personal Exemptions, which will be included in the packet from the IRS, which must be complete and returned to the payroll office within three (3) working days. This form will list the dependents claimed by the employee/taxpayer and is the basis for computing the exemption from levy that the employee may claim.

D. The IRS Code provides that a taxpayer who receives wages on a semi-monthly basis will have a certain amount exempted from levy, depending upon filing status and the number of individuals specified as dependents provided on the Statement of Personal Exemptions. If the employee does not return the Statement of Personal Exemptions, then the payroll office will have to use SINGLE and "0.00" Exemptions to calculate the employee's pay.

E. The wages subjected to levy are the net amount to the employee. **All** deductions are made from the gross wages in effect at the time the levy was received.

F. The payroll office will deduct the appropriate exemption along with the deductions that were active at the time the levy was received, such as FICA, Federal and State taxes, health insurance, flexes and retirement, from the employee's gross earnings to arrive at the amount to be withheld from the employee's check.

G. The levy will then be remitted to the Internal Revenue Service each pay period.

H. Deductions will be made from the employee's paychecks until the levy is satisfied. If the employee at any time secures a release from levy, the payroll office must receive a copy of the release from the Internal Revenue Service.

I. The payroll office will then verify that the release is authentic and refund any money that has been withheld from the employee's wages that have not been remitted to the Internal Revenue Service. Thereafter, the levy deductions will be stopped.

2209. Bankruptcy

A. The payroll office is notified of an employee's voluntary filing of a petition of bankruptcy by an "Order to Employer to Pay to Trustee" issued by a Federal District Bankruptcy Court.

B. This order sets out the amount to be withheld from the employee's salary each pay period as well as the name and address of the Trustee to whom the deductions are to be remitted.

C. A letter marked "personal" should be sent to the employee notifying them when their deductions will begin and the amount of the deductions. (Employee's Bankruptcy Notification Letter (Attachment #18).

D. These deductions will continue until such time as the payroll office receives notification that the Court has closed the bankruptcy.

E. When the payroll office receives a Bankruptcy Salary Deduction Order for an employee who currently has deductions for a garnishment or tax levy, these deductions are to be discontinued immediately. The payroll office will notify the Court and IRS that a bankruptcy order has been served on the employee.

F. If an employee who is transferring is under a bankruptcy order, the court appointed Trustee must be notified (in writing) that the individual is no longer employed by the losing agency.

1. The notice should indicate which agency the individual is transferring to and the effective date of the transfer.

2. If the employee transfers at mid-month and the losing agency withholds one-half the required deduction on the first pay period, an explanation reiterating the circumstances should accompany the remittance to the Trustee.

NOTE: The Bankruptcy Judge's Order will provide the payroll office with sufficient instructions regarding the amount to be withheld from the employee's wages and the Trustee's address where the remittances are to be mailed. In doing so, the Order details the required deductions that must continue as well as the deductions that must immediately cease. If questions remain, contact the DFCS Field Fiscal Services Office.

2210.1 State Health Benefit Plan

A. To authorize payroll deductions for the State Health Benefit Plan, an employee must:

1. Be eligible for membership (working at least 30 hours),

2. Be eligible for the type of health insurance coverage (single or family) and the type of option chosen,

3. Submit a completed State Health Application-New Enrollment and/or Transfer Form (Attachment #24a) to the appropriate Personnel office for processing.

B. To change options or type of coverage, an employee must:

1. Change during the Open Enrollment dates set by Health and Flex Benefits Section each year.

2. With one exception – an employee may make family status changes when a qualifying change in status occurs which is covered under the provisions of the terms and conditions and instructions on the State Health Application-New Enrollment and/or Transfer Form.

3. Submit a completed State Health Application-New Enrollment and/or Transfer Form (Attachment #24a)) to the appropriate Personnel office, who will submit the information to the State Health Benefit Plan.

C. To decline coverage or discontinue existing coverage, an employee must submit a completed State Health Declination Form or State Health Discontinuation Form (Attachment#24c) to the Personnel office within 31 days of the qualifying change of events which would allow for employee to drop health coverage. (The only other time an employee is allowed to make changes to their Health Insurance is during Open Enrollment.)

D. Employees who wish to continue coverage while in L**eave Without Pay (LWOP)** status must:

1. Submit a completed 'Request to Continue Health Benefits During Leave of Absence Without Pay' Form (Form SHBP 66-003) (Attachment #24d) to your appropriate personnel representative

2. If appropriate, attach a copy of the Family Leave Approval Letter and send it to your appropriate Personnel Representative

3. A Disability Certification Form (Form SHBP #66-005) (Attachment #24e) if due to disability/illness should be sent to your appropriate Personnel Representative

4. Send a check or money order for the premium payment to their regional accounting payroll office. (The employee should contact their Personnel or Payroll office for the amount of the premium)

5. Any employees that are on regular Leave Without Pay the state requires the agency to submit a $5 administrative fee to State Health.

6. If the employees are on Family Medical Leave, then the $5 Administrative Fee to State Health is waived.

NOTE: If all LWOP forms are not received by SHBP as a packet, they will be returned to the employee without processing.

2211. Flexible Benefits Program

A. Employees who are eligible may enroll in the following options under the Flexible Benefits Plan Program:

- Group Term Life Insurance (before and after tax)
- Dependent Life Insurance (spouse and/or child)
- Accidental Death and Dismemberment
- Short Term Disability
- Long Term Disability
- Dental Insurance – Insured Option and PPO (where available); Single and Family Coverage
- Health Care Spending Account
- Dependent Child Care Spending Account
- Legal Insurance (Single and Family Coverage)
- Long Term Care Insurance
- Vision (Single and Family coverage)
- Specified Illness Coverage (Single and Spousal Coverage)

NOTE: Employees may be guaranteed coverage for some of the benefit options listed above if they enroll as a new employee. For more information, please contact the Personnel office.

NOTE: Some of the benefits above require medical underwriting to determine eligibility. Deductions will begin when the option is chosed, but will be at the level that does not require medical underwriting. Once the medical underwriting is approved, then the deductions will be increased to the approved level.

B. Effective April 2010, Georgia Breeze is the vendor who manages the flex benefit data for the state of Georgia. They have reports called the benefit change reports on their system that you need to print daily or at least weekly to ensure that any changes in an employee's deductions are accounted for appropriately on their pay check.

C. They also have a report that can be downloaded into EXCEL at month-end, which can be used to assist you in reconciling your deductions to their invoice.

2212. Miscellaneous Agency Optional Insurance Plans

A. The insurance companies and corresponding products listed below are the only ones authorized by Department of Human Resources which were in place prior to January 1, 1986.

1. American Family Life Assurance Company (AFLAC)
   a. Cancer Insurance
   b. Life
   c. Intensive Care
2. Chesapeake Life Insurance
   a. Life Insurance
3. Colonial Life Insurance
   a. Life
   b. Cancer
   c. Short Term Disability
   d. Accident
   e. Critical Illness

B. Further, even though a company may have been doing business on January 1, 1986 and therefore "grand fathered" in, the rule limits the continuation of optional plans to the same type benefits. In other words, a company selling a life insurance product on January 1, 1986 may not later add a cancer supplemental product.

C. To authorize payroll deductions for miscellaneous insurances an employee must:

1. Be eligible for the insurance
2. Submit the proper authorization form to the Payroll Office to initiate deductions and process payments.
3. To change coverage an employee must submit the proper authorization form to the payroll office and a copy should be forwarded to the appropriate insurance carrier.
4. To cancel coverage an employee must submit in writing a cancellation notice to the payroll office to discontinue payroll deductions and a copy should be forwarded to the appropriate insurance carrier.

2213. Human Services Employee Credit Unions and Other Credit Unions

A. To authorize payroll deductions for the state approved Human Services Employee Credit Union, an employee must:

1. Be a member of the Credit Union

2. Submit to the payroll office an Authorization for Payroll Deduction Form (Attachment #25).

B. Forms may be obtained from the HSE Credit Union or your personnel representative. The authorization form must be signed by the employee and must specify the date and amount to be deducted.

C. Should an employee desire to change or cancel the amount of payroll deduction from the state approved Human Services Employee Credit Union, a written notification should be submitted to the payroll office in advance of the effective date of change.

D. The payroll office will submit the Authorization for Payroll Deduction Form to the Credit Union which details the changes to be made and the effective date.

E. Other Credit Unions – When the state office mandated that we could only contribute to the state approved HSE Credit Union, only the Credit Unions listed below were allowed to continue payroll deductions.

- **Rose City Federal Credit Union**
- **Southern Credit Union**
- **State Employee Credit Union**

NOTE: No new employees were allowed to join.

NOTE: Any credit unions not listed above or no longer valid for payroll deductions and must be stopped immediately.

2214. Deferred Compensation – with the coming of GA Breeze to doing this and it all on-line, I don't know how much of this is accurate.

A. The State of Georgia Deferred Compensation Plans are available to all State employees (full time, permanent or temporary).

B. The plans are operated as eligible under Sections 457 and 401K of the U.S. Internal Revenue Code. Investment Options are the same for both the 457 and 401K Plans.

C. To authorize payroll deductions for the Deferred Compensation Plan, an employee must go on-line to the Georgia Breeze website and complete an application for 457 Plan Participation Agreement and/or 401K Plan Participation Agreement. Georgia Breeze will have standardized reports that the payroll person will need to review daily or at least weekly to be sure to include any deductions (new or changes) on the employee's pay check.

D. The employee will need to complete a Beneficiary Election selection on-line for the appropriate Plans that they are participating in.

E. To change or cancel deductions, an employee must go into the Georgia Breeze website and make the necessary selections that will be transmitted via reporting to the payroll office. The payroll office will review the reports daily or at least weekly to ensure all deduction changes are captured for payroll purposes.

F. The Participant Agreement must be signed by the employee and personnel staff the month prior to the effective date of the change. A cancellation of deductions on Deferred Compensation can be effective immediately.

G. To receive investments, an employee must submit a Distribution Method Election Form MS 11-12, Attachment 25a for the 457 Plan and/or Form MS 11-12K , Attachment 25bfor the 401K Plan to the personnel office.

H. A Spousal Death Benefit Waiver and Consent Form MS11-11W, Attachment 26 is required if anyone other than the spouse is named as beneficiary in the 401K Plan. This form is available in the personnel office.

I. If eligible, the 457 Plan allows for "Catch-up Deferral" that allows the employee to double the normal deferred limit for the three (3) years prior to retirement. Form MS 11-20, Attachment 27 can be obtained through the Employees' Retirement System for Georgia Employees website www.ersga.org .

J. Employees who have a break in state employment, and withdrew retirement funds, may purchase eligible prior state employment service time with deferred compensation funds. Form MS 11-19, Attachment 28 (In-Service Rollover to Purchase Retirement Service Credit) must be completed and forwarded to the Employee Retirement System for Georgia (ERS) through the personnel office. Form MS 11-19 can be obtained from the ERS website www.ersga.org. This procedure offers the advantage of pre-tax savings.

K. As an employee approaches retirement, it may be permissible to invest some or all Terminal Leave Pay in the Deferred Compensation Plans. The determining factor depends on the amount invested prior to retirement. You will need to contact your ERS representative who can calculate the amount of Terminal Leave pay that can be invested. The funds invested must be through payroll deduction. This action offers the advantage of deferring taxes on the Terminal Leave pay.

L. Deferred Compensation deductions are made from employees' payroll checks on a semi-monthly basis; these deductions must be remitted to the Deferred Compensation provider semi-monthly.

NOTE: FICA and Medicare Taxes must be paid on deductions for deferred compensation, BUT FEDERAL AND STATE TAXES ARE DEFERRED.

2215 Charitable Contributions

A. O.C.G.A. 45-20-50 establishes the Charitable Contributions Program under the supervision of the State Personnel Board. There is an annual educational campaign during which employees are given the opportunity to contribute to eligible charities through payroll deduction.

B. The State Personnel Board decides which charities are eligible to participate and the dates of the educational campaign. All payroll deductions are made on the Georgia Breeze website which are downloaded to SMI to load for deductions beginning in January.

C. Employees are allowed to choose monthly deductions that will be taken the last pay period of the month. Minimum deductions must be at least one dollar ($1) and must extend 12 consecutive months.

D. Deductions are for one calendar year, beginning with the January following completion of the annual educational campaign.

E. All employees are given an opportunity during Open Enrollment to sign up for State Charitable Contributions through Georgia Breeze. Once the Open Enrollment period has closed, the data is forwarded to the DFCS accounting software company to begin January deductions.

F. If an employee is hired after the open enrollment period has closed, they should complete a State Charitable Contributions Program Pledge Form (Attachment #28) to authorize payroll deduction. The pledge card authorizing payroll deduction are completed and forwarded to the appropriate personnel office for data entry into the PeopleSoft System and then forwarded to the payroll office for payroll deductions.

G. Deductions are cancelled upon termination, resignation, or retirement of the employee. The employee through written notice to the payroll office may also cancel deductions 30 days before the cancellation is to occur.

H. The Accounting Department will send a check made payable to STATE CHARITIES FUNDS at the end of each month to:

State Charities Fund

State Personnel Admin, Financial Srvcs Div

2 Martin Luther King, Jr Drive

Suite #520

Atlanta, GA 30303

2216 United States Savings Bonds – DISCONTINUED effective 1/1/2011

A. Payroll deductions for United States Savings Bonds are authorized by the United States Savings Bond Payroll Savings Authorization Card (Attachment #29). This card must be completed and signed by the employee and forwarded to the payroll office for processing.

B. Payroll deductions for employees are deducted on the last pay period of the month.

C. Employees may authorize deductions for U.S. Savings Bonds of minimum face value of $100.00 and a maximum face value of $1,000.00.

D. Should an employee desire to change or cancel the amount of payroll deduction for United States Savings Bonds, a new authorization card in advance of the effective date of the change must be sent to the payroll office. It will detail the change to be made and the date the change/cancellation is to become effective, which should be at the completion of the bond.

2217. Voluntary Wage Assignments for Child Support

A. In order to authorize Voluntary Child Support Payroll deductions, an employee must submit an income deduction order through the local Child Support Enforcement Office.

B. The local Child Support Enforcement Office will forward the authorization to the payroll office.

C. If an employee who is transferring is under an income deduction order for Child Support**,** the Child Support Recovery Office named in the "Notice to Payor" must be notified (in writing) that the individual is no longer employed by the losing agency. The notice should indicate which agency the individual is transferring to and the effective date of the transfer.

D. If the employee transfers at mid-month and the losing agency deducts one-half the required payment on the first pay period, and explanation reiterating the circumstances should accompany the remittance to Child Support Recovery.

2218. Travel Advance Recovery – Account #127.149

A. The County Department can authorize two types of travel advances: continuous and non-continuous. The Travel Advance Authorization Form (Form 727) (Attachment #31) must be submitted and approved by the local approving authority prior to the advance of travel funds. (See Travel and Related Expenses (Attachment #32) Section in Part I of the Administrative Policy and Procedures Manual).

B. The unused portion of an employee's travel advance should be recouped following the submission of the Employee's Travel Statement (Form 726) (Attachment 32). Required receipts must be attached to verify the expenses on the travel statement.

C. A check written by the employee to the County Department for the unused amount should be attached to the travel statement. If an employee terminates DFCS employment prior to refunding the agency, the county and regional accounting office should ensure that the payroll office is notified in writing so that they can reduce the employee's last paycheck by the amount of the unearned advance prior to the employee's departure.

D. If recoupment is not possible from the employee's payroll check (e.g., individual is no longer employed by the agency), the county and the regional accounting office should work together to recoup the funds. The County Department should contact the former employee in writing three times with an interval of thirty (30) day between letters before legal action is taken. (Attachments 33 - 35).

E. For further assistance, contact the DFCS Field Fiscal Services Section or DFCS Legal Services Office. For more information regarding recouping travel advances, refer to the DFCS Administrative Policies and Procedures Manual, Part 1, Travel Section-Section II.4.

2219. Employees' Associations

A. O.C.G.A. 45-7-3 and the "Provisions for the Administration of Voluntary Salary Deductions" (adopted July 5, 1994 by the State Merit System), provide that the Service Employees International Union (SEIU) and Georgia County Welfare Association (GCWA) qualify as organizations for which voluntary salary deductions can be made.

B. To initiate enrollment in SEIU/GCWA or for subsequent changes in enrollment status, complete the form "GCWA Authorization for Payroll Deduction (Attachment #26) or "SEIU Authorization for Payroll Deduction (not available). Deductions will continue unless notified in writing by the employee.

C. Legal provisions regarding the administration of dues for employee associations require that an administrative fee of one percent be collected by County Departments on the total payroll deductions for employee associations. These administrative fees are collected in an Account titled: SEIU/GCWA Administration Cost (Account 229.021).

D. Before the books are closed on June 30th, the balance in this account should be reclassified to Other Operating Expenses (627.106). The general journal entry for the reclassification will be to debit account 229.021 and to credit account 627.106 for the balance remaining.

E. GCWA membership dues are to be recorded under the Account titled: GCWA Dues (229.022). The dues for GCWA are to be remitted at the end of each month to:

Georgia County Welfare Association. Inc
Post Office Box 1219
Covington, GA 30015-1219

F. SEIU membership dues are to be recorded under the Account titled: SEIU Dues – (229.020). The dues for SEIU are to be remitted at the end of each month to:

I can't even find this vendor in STATEWIDE to verify Address
Service Employees International Union, Local 1985
P. O. Box 4414
Atlanta, Georgia 30302-9963.

2220. Federal Tax Deposit/Payment Schedules

A. There are two deposit schedules, monthly or semiweekly, which determine when Social Security, Medicare, and Federal Income taxes are due. These schedules determine when a deposit is due after a tax liability arises (e.g., when a payday occurs).

B. Prior to the beginning of each calendar year, the Accounting Department must determine which of the two deposit schedules it will be required to use. The deposit schedule that must be used is based on the total tax liability reported on Forms 941 during a four-quarter "look back" period. The deposit schedule is not determined by how often employees are paid or how often deposits are made.

C. The deposit schedule for a calendar year is determined from the total taxes (not reduced by any advance EIC payments) reported on the Forms 941(line 11) in a four-quarter lookback period. The lookback period begins July 1 and ends June 30.

D. If the Regional DFCS office reported $50,000 or less of taxes for the lookback period, it is a monthly schedule depositor; if a Regional DFCS office reported more than $50,000, it is a semiweekly schedule depositor.

E. MONTHLY DEPOSIT SCHEDULE

   1. The Regional DFCS office is a monthly schedule depositor, if the total taxes on Form 941 (line 11) for the four quarters in the lookback period were $50,000 or less.

   2. Under the monthly deposit schedule, all federal taxes for the calendar month must be deposited by the 15th day of the following month.

F. SEMIWEEKLY DEPOSIT SCHEDULE

   1. The Regional DFCS office is a semiweekly schedule depositor for a calendar year if the total taxes on Form 941(line 11) during the lookback period were more than $50,000.

   2. Under the semiweekly deposit schedule, all tax deposits should be made for payments on Wednesday, Thursday, and/or Friday by the following Wednesday. Tax deposits accumulated for payments on Saturday, Sunday, Monday, and/or Tuesday by the following Friday.

   3. If a quarterly return period ends on a day other than Tuesday or Friday, employment taxes accumulated on the days covered by the return period just ending are subject to one deposit obligation, and employment taxes accumulated

on the days covered by the new return period are subject to a separate deposit obligation.

For example, if one quarter return period ends on Thursday and a new quarter begins on Friday, employment taxes accumulated on Wednesday and Thursday are subject to one deposit obligation and taxes accumulated on Friday are subject to a separate obligation. Separate deposits are required because two different quarters are affected.

G. $100,000 NEXT-DAY DEPOSIT RULE – **DFCS RULE**

1. If the Regional DFCS office accumulates a tax liability (reduced by any advanced EIC payments) of $100,000 or more on any day during a deposit period, the Regional DFCS office must deposit the taxes by the next banking day whether or not the Regional DFCS office is a monthly or semiweekly schedule depositor.

2. For monthly schedule depositors, the deposit period is a calendar month. The deposit periods for a semiweekly depositor are Wednesday through Friday and Saturday through Tuesday.

H. DEPOSITS ON BANKING DAYS ONLY

1. If a deposit is required to be made on a day that is not a banking day, the deposit is considered to have been made timely if it is made by the close of the next banking day.

2. In addition to Federal and State bank holidays, Saturdays and Sundays are treated as non-banking days. For example, if a deposit is required to be made on a Friday and Friday is not a banking day, the deposit will be considered timely if it is made by the following Monday (if that Monday is a banking day).

3. Semiweekly schedule depositors have at least three (3) banking days to make a deposit. For example, if a semi-weekly depositor has employment taxes accumulated for payments made on Friday and the following Monday is not a banking day, deposits made by the following Thursday would be considered timely (allowing 3 banking days to make the deposit).

4. If a Regional DFCS office needs further clarification or information regarding tax deposit rules, refer to the current year Circular E-Employer's Tax Guide.

I. METHODS OF DEPOSITING FEDERAL EMPLOYMENT TAXES

There are three methods of depositing employment taxes – Federal Tax Deposit made via the IRS Website, Electronic Federal Tax Payment System (EFTPS) and deposits made with Federal Tax Deposit (FTD) coupons.

NOTE: Delinquent taxes assessed by IRS are not deposited. Those payments must be sent directly to the IRS Service Center with a copy of any related notice sent by IRS.

a. **Federal Tax Deposit made via the IRS Website** or **Electronic Federal Tax Payment System (EFTPS)**

1. If Regional payroll's total deposits of Social Security, Medicare, and Federal Income taxes were more than $50,000 in the lookback period, the Accounting Department **must** make electronic deposits for all depository tax liabilities (whether by phone or website)

2. To determine if the $50,000 threshold was exceeded, combine the total taxes on Forms 941 (line 11) for the four quarters in the lookback period. If the Accounting Department is required to make deposits by electronic funds transfer and fails to do so, the Regional DFCS office may be subject to a 10% penalty.

3. Accounting Departments that are not required to make electronic tax deposits may voluntarily do so.

4. The Accounting Departments must initiate tax payments through EFTPS (phone or website) at least one business day prior to the tax due date. When the tax payment is processed an acknowledgment number will be assigned by the electronic transfer system for future reference. The tax payment is transferred electronically from the Regional DFCS office's bank account to the IRS on the tax due date. At this time, the Regional DFCS office's records with IRS will be automatically updated.

5. The EFTPS Tax Payment Report Worksheet (Attachment #20d) or the Tax Payment report Worksheet (Tab #3) (Attachment #20c) from the Federal Tax Calculations Spreadsheet (Attachment #20a) must be completed prior to initiating a tax payment on the EFTPS (phone or website)

6. A general journal entry is required each pay period to record the electronic federal tax payment to the agency's accounting records. It is recommended that a General Journal Voucher (Attachment #20b) or use the form from the Federal Tax Calculations, Excel Spreadsheet Tab – GJE (Attachment #20b), be completed to document the recording of this entry.

In your payroll attachments (Attachment #20d), there are instructions taken from the IRS Website on how to setup your Federal Tax Deposit via the IRS Website.

NOTE: Effective July 1, 2011, all DFCS Offices will be REQUIRED to make their tax deposits via the IRS Website.

J. Income Statement Reporting Requirements

1. The Payroll department is required to submit copies of W-2's, 1099's and other income statements with Form W-3 reflecting payments that are subject to Income Tax Withholdings.

   a. DFCS Payroll departments with 250 or more income statements must submit them via magnetic media.

      NOTE: SMI submits all W-2's, 1099's and W-3's to the Internal Revenue Services electronically according to mandated deadlines.

   b. Income statements (W-2's) showing wages paid and taxes withheld must be postmarked to employees no later than January 31st of the following tax year.

2221. Earned Income Credit (EIC) Advance Payment Certificate (Form W-5) – IRS STOPPED - 1/1/2011

A. The Earned Income Credit is a tax credit for certain employees who have a qualifying dependent child as defined by Internal Revenue Service regulations.

B. The Employee's Withholding Allowance Certificate (Form W-4) notifies the employee of the potential for the EIC.

C. If eligible, the employee(s) is to complete an Earned Income Credit Advance Payment Certificate, Form W-5, (not available) and return the form to the Payroll Department.

D. If the County Department has employee(s) qualified for the EIC, it will affect the agency's tax deposits and will be reflected on the Form 941.

E. For further information, refer to IRS Publication 596 and the current Employer's Tax Guide (Circular E).

Note: Earned Income Credits have to be recalculated any time an employee receives a raise or demotion.

Note: Earned Income Credits have to be recalculated at the first of each calendar year.

A new Form W-5 needs to be completed each January in case have a change in Dependant Status.

2222. Employer's Quarterly Federal Tax Return (Form 941)

A. The IRS requires that the employer summarize tax deposits on a quarterly basis on the Employer's Quarterly Federal Tax Return, Form 941 (Attachment #6). This form must be filed with the IRS thirty (30) days after the quarter has ended.

B. If semiweekly deposit rule or next day deposit rule applies, a Supplemental Record of Tax Liability, Schedule B, Form 941 (Attachment #8) must be completed.

C. Due dates of filing Form 941:

1st Qtr. Jan-Mar - due date April 30th
2nd Qtr. Apr-Jun - due date July 31st
3rd Qtr. Jul-Sept - due date Oct 31st
4th Qtr. Oct-Dec - due date Jan 31st

Is letter D and E just a duplication of the same information????

D. The Federal Tax Worksheets, for each pay period or the accounting system's Employee Earning and Payroll Summary report for the quarter may be used to assist in determining the reportable wages (Taxable, FICA and Medicare) and the subsequent taxes (Federal, FICA, and Medicare) due based on the wages to be reported.

E. A summary of these worksheets for each pay period during the quarter or the accounting system's Employee Earning and Payroll Summary report should be used to determine the amount of the quarterly tax deposit and wages to be reported on the Form 941.

NOTE: If an error has been made in tax deposits within the quarter, it is permissible to remit up to $500 with Form 941 without incurring a penalty.

2223. Georgia State Income Tax Deposit/Payment Schedule

A. Georgia State Income Tax Deposit are made up with employees' withholdings from wages of employees that live inside or outside of Georgia.

B. There are two deposit schedules, semiweekly or next day, both are determined by the amount of state taxes withheld in a quarter. These schedules determine when a deposit is due after a tax liability arises (e.g., when a payday occurs).

NOTE: All Regional DFCS offices are on the next day deposit schedule.

C. Schedule of semiweekly deposit (Tax Liability of less than $100,000)

1. For wages paid on Wednesday, Thursday, and/or Friday, taxes are paid by the following Wednesday.

2. For wages paid on Saturday, Sunday, Monday or Tuesday, taxes are paid by the following Friday.

D. If the Regional DFCS office accumulates a tax liability of $100,000 or more on any day during a deposit period, the Regional DFCS office must deposit the tax by the next business day.

E. If the due date for a tax payment falls on a federal or state bank holiday or on a weekend day, the payment is considered timely if it is made by the close of the next banking day.

F. Corrections and amendments to State Taxes can be made by submitting a copy of the original return marked "Amended" with an explanation of the indicated changes. Amendments will not be allowed if a reason of the change is not provided.

G. The Georgia Department of Revenue states that payroll records should be maintained for at least four (4) years after the tax is due or paid, whichever is later.

H. If a Regional DFCS office needs further clarification or information regarding tax deposit rules, refer to the State of Georgia Department of Revenue Employer's Tax Guide at http://www.etax.dor.ga.gov/withholding.shtml

I. Income Statement Reporting Requirements

2. The Payroll department is required to submit copies of W-2's, 1099's and other income statements with Form G-1003 reflecting payments that are subject to Georgia Income Tax Withholdings.

a. Statements should be mailed to:

Georgia Department of Revenue
Processing Center
Post Office Box 105685
Atlanta, GA 30348-5685

b. DFCS Payroll departments with 250 or more income statements must submit them via magnetic media.

NOTE: SMI submits all W-2's, 1099's and G-1003's to State of Georgia electronically according to mandated deadlines.

c. Income statements (W-2's) showing wages paid and taxes withheld must be postmarked to employees no later than January 31st of the following tax year.

J. Electronic Fund Transfer (EFT)

1. Effective July 2004, the DFCS payroll department was provided with the option of paying their state tax liabilities using the website at https://www.iglobalaccess.com/gataxpay.asp

2. A Personal Identification Number (PIN) and Password are required when making payments through this website.

NOTE: Effective _____________, all DFCS Offices were mandated that their tax deposits must be done via the Georgia Department of Revenue Website.

2224. Reinstatement of Terminated Employees/Unemployment and Wage Substitutes

A. There may be situations in a County Department when a dismissed employee must be reinstated. If this occurs, the following procedures should be used:

1. A file will be established for each reinstated employee to include all worksheets, correspondence and personnel actions regarding the individual.

2. The employee must execute a notarized statement informing the County Department of unemployment benefits or wages from any source that were received during the period of dismissal. If wages were received, a statement from the employer should be attached. The statement should include the name and address of the employer, the dates of employment and the gross amount of wages received. If no unemployment benefits or wages were received, the employee must execute a notarized statement to this effect.

3. A letter will be prepared and sent to the Department of Labor requesting a Statement of Unemployment Compensation paid during the period in question.

4. Upon receipt of the Statement of Wages and/or Unemployment Benefits, Regional Accounting will prepare a worksheet indicating the wages they employee received during the period of dismissal and the amount the employee would have earned from the County Department. This information will be used to determine if an amount is due the employee.

5. In determining if back pay is due the employee, the entire amount of unemployment benefits and/or wages received during the period of dismissal must be deducted.

   NOTE: Wages received during periods of 'suspension without pay' are not to be used to determine if back pay is due an employee.

B. Calculating the amount of Back Pay

1. To determine the back pay due an employee, first determine the amount the employee should have been paid. In determining the amount that is to be paid the employee, the following information is to be used:

   a. Calculate the number of days or months, if applicable, the employee would have been in pay status each pay period.

   b. If the employee received terminal leave pay, the County Department will need to recoup the full amount.

c. If the employee received payment for holidays or FLSA compensatory time, then payments will remain as is.

d. Ignore Advanced Earned Income Credit in calculating wages due.

2. The following deductions are required on wages paid or entitled to:

   a. FICA and Medicare

   b. Federal Tax

   c. State Tax

   d. Retirement

3. Any insurances that were active during employment should be withheld -- Health Insurance, Flexible Benefits, etc.

4. Child support wage assignments should be reactivated upon the employee's return but should not be included in the reinstatement calculation.

5. Tax levies and bankruptcies should be reinstated and withheld when calculating the amount due to the employee.

6. If a garnishment is still effective at the time the employee returns to work, then withholdings should be made from the amount due the employee. An answer to the Garnishment will have to be prepared for submission to the court. The garnishment should be reactivated for the remaining period of time.

C. If the net amount constitutes wages owed to the employee then prepare a check to the employee. A letter to the employee explaining the payment should be drafted for the County Director's signature. The letter, check and a copy of the spreadsheet will be mailed to the employee. A copy of the letter, the check and worksheets should be maintained in the file.

D. Unemployment benefits received during dismissal are withheld from the wages due reinstated employee. This amount is remitted to the Department of Labor or DOAS Risk Management, whichever is appropriate.

Note: Employee Retirement System adjustments and general journal entries will need to be completed for each month that is being corrected.

2225. Procedures for Wages due Deceased Employees

A. There may be a situation in a County Department when the death of an employee may occur before a payroll check has been negotiated. If this should occur, the following procedures should be used.

B. A file should be established for each deceased employee to include:

1. Copy of personnel action(s)

2. Copy of the death certificate

3. Beneficiary form(s)

4. Copies of all checks issued or reissued after the date of death

5. Any correspondence regarding the deceased employee

C. A check should never be made payable to the employee after the date of death. It should be made payable to the beneficiary or to the estate of the deceased. No check will be issued without a completed W-9 on the beneficiary. This information is needed for the Form 1099 that will have to be issued at the end of each calendar year for tax purposes.

D. If the employee dies mid payroll, calculations will be necessary to determine the exact amount to be paid to the beneficiary. You will have to complete a Leave Without Pay form to determine how much was overpaid so that this can be deducted from the final check that is issued to the beneficiary.

E. If the employee dies after payroll has been completed and the employee was on direct deposit, no action is necessary. If the employee was to receive a physical checks, this payroll check will have to be reissued to the beneficiary.

NOTE: In the SMILE accounting system, change the name of the deceased employee to the beneficiary in the MASTER EMPLOYEE FILE to print out the check. After printing out the payroll check, change the name back to the deceased employee.

F. If the last payroll check has to be reissued to the beneficiary they are subject to the normal withholding taxes (FICA, Medicare, Federal and State Taxes).

NOTE: On the last payroll check, take all legally required deductions, and flexible benefits and other miscellaneous payroll deductions only if they were for family coverage.

G. Terminal Annual Leave and other Compensatory Pay due the employee will need to be calculated and a separate Payroll check issued to the beneficiary.

NOTE: Wages paid after an employee's death are subject only to FICA and Medicare deductions, DO NOT DEDUCT FEDERAL OR STATE TAXES.

H. When reporting Wages on the 941 for the quarter, FICA/Medicare wages and FICA/Medicare taxes withheld on a deceased employee's FINAL CHECK, made payable to the beneficiary, must be reported; **however**, the amount of taxable wages (line 2) should be reduced.

I. At the end of the calendar year, all FICA/Medicare wages and FICA/Medicare taxes must be included on the deceased employee's W-2 Form (Attachment #9) in the appropriate box. The taxable wages will need to be reduced by the amount of the Terminal Annual Leave and Other Compensatory Payroll Check, made payable to the beneficiary.

J. Payments to the estate or beneficiary for final wages or other compensatory pay of a deceased employee must be reported on a Form 1099 MISC (Attachment #11). Once you receive the W-9 from the beneificiary, establish a vendor number for them so that you can report these wages on the Form 1099 MISC at the end of the calendar year.

K. Two Tax Payment Returns (IRS Forms) will have to be prepared for wages paid during the year of death: Forms 1099 MISC and W-2.

L. Retirement contributions will be made for the applicable pay period.

M. Files should be maintained for review by the Fiscal Operations Manager, Personnel Representative or auditors as necessary.

N. An actual example of steps necessary to correct this in the accounting software is provided in the HOW TO SECTION of your Payroll Notebook. These examples can also be found on the FFS Website, under Payroll – HOW TO's.

2226. Payroll Exceptions

A. Overpayments (OHRM Personnel Policy #807 11/2010)

1. Notification of an Overpayment.

   a. When a payroll overpayment occurs, the Regional Accounting - Payroll office will send the initial written notification to active and inactive employees.

   b. **Active employees will be given ten (10) days from the date of written notification to respond to their respective regional accounting office.**

   c. Active employees will have the option to establish a repayment arrangement when a payment of the amount due would create a financial hardship. The size and frequency of installment payments should bear a reasonable relation to the size of the overpayment and the ability to pay. **When possible, the total amount should be recouped before the fiscal year end.**

   d. Deductions for salary offset for active employees will be made from regular earnings, not to exceed 15% of gross pay, except when a greater percentage may be deducted upon employee's written consent.

   e. Employees that fail to contact the payroll office by the deadline date will be denied consideration of the installment repayment plan and are subject for the full amount owed.

   f. If an active employee leaves the DFCS office before the overpayment is collected, deductions can be made from the last regular paycheck or final terminal pay. If these deductions do not cover the overpayment, follow instructions for an inactive employee.

   g. Inactive employees will be given thirty (30) days, from the date of the written notification to respond.

   h. Inactive employees, who fail to respond to initial notification, or otherwise fail to cooperate in the restitution process, will be contacted by the DHR Legal Services Office, and appropriate collection proceedings will be initiated as necessary.

   i. Unused accrued annual leave will offset the overpayment of an inactive employee. If the amount of accrued annual leave does not cover the debt, the former employee will be required to submit payment for the difference.

2. If an employee is overpaid by a Regional DFCS office, the following procedures should be followed:

    a. A file should be prepared to include all correspondence, worksheets and data entry for each exception.

    NOTE: If you use the accounting software's pay file module, it will assist you in properly determining how much taxes and net pay the employee should have been paid for.

    b. Prepare a spreadsheet indicating amount the employee was paid versus what the employee should have been paid.

    c. All taxes should be prorated according to the pay calculated on the spreadsheet.

    d. All legal and voluntary deductions should be taken. If there is not enough money to cover all of the deductions, then voluntary deductions such as Miscellaneous Insurances, Credit Union, Deferred Compensation, and State Charitable Contributions should be zeroed out.

    e. If the employee has terminated, then you will need to set up an Accounts Receivable – Due from Employees and post the net amount due, via a General Journal Entry.

    f. Then, do adjustments screen in the accounting software's Payroll module to correctly report the wages, taxes, deductions, etc. The adjustment screens serve to correct the employee's W-2 information also.

    NOTE: Always put $0.00 in the Normal Retirement Pay field if it is for a prior month's correction, and a negative Normal Retirement Pay if it is for a current month's correction.

    g. An actual example of steps necessary to correct this in the accounting software is provided in the HOW TO SECTION of your Payroll Notebook. These examples can also be found on the FFS Website, under Payroll – HOW TO's.

3. As payments are received, they will need to be posted to the Accounts Receivable – Due from Employee account until paid in full.

4. The reimbursement of overpayments will be adjusted in the current quarter's 941. If the employee is no longer employed with DFCS, and the reimbursement of the overpayments is for a prior calendar year, then a 941-C will need to be completed.

5. If an employee is no longer employed with DFCS in the same calendar year that the

overpayment occurred, then an IRS Form W-2C (Attachment #10) will be required.

2227. Employer Contribution for Forfeited Annual and Sick Leave

A. An employee retiring that has a forfeited leave balance of six months (120 days) or more is entitled to have the amount credited towards retirement. This includes forfeited sick, forfeited annual and any unused accrued sick leave.

B. The amount due ERS is based on the leave and salary earned at retirement by the employee. Refer to the Certification of Forfeited Annual and Sick Leave Form RSD (Attachment #23a) for the formula to determine the amount to be remitted to the Retirement System.

C. A check is due to the Employees' Retirement System (ERS) no later than 10 days after the employee retires. The check, for the additional credited service amount that was calculated from the Certification of Forfeited Annual and Sick Leave Form RSD, must be attached and submitted to the Employees' Retirement System.

D. PROCEDURES:

1. Using the Certification of Forfeited Annual and Sick Leave Form, calculate the Employer Contribution Payment and post it to the appropriate expenditure accounts via a General Journal Entry.

2. The General Journal Entry should be to debit the "Employer Retirement – (program name)" (515.xxx) and credit the Liability Account for "Employer Retirement" (217.003). The posting of this entry into the accounting software's books is necessary so that the expenditure will be captured on the appropriate Monthly Income and Expenditures Report (MIER), (Attachment #23b).

3. Issue a check to ERS, charging the Liability Account for "Employer Retirement" (217.003) and attach the Form RSD 710 for documentation.

4. An actual example of steps necessary to post this to the accounting software is provided in the HOW TO SECTION of your Payroll Notebook. These examples can also be found on the FFS Website, under Payroll – HOW TO's.

2228. Hourly Employees

A. Hourly employees work period should be from Sunday at 5:00pm to the following Sunday at 5:00pm.

B. Hours worked should be recorded on a state approved weekly Non-Exempt Time Sheet and approved by the supervisor.

C. A copy of the time sheets are to be forwarded to the appropriate payroll office each week.

D. A new hourly employees' first payroll will usually be for only one week.

E. Hourly employees will be paid on the semi-monthly payroll cycle for all time sheets received by the established payroll deadlines.

F. Effective, April 2010, all employees, including hourly employee, will receive their payroll via direct deposit or a direct payment card.

2229. Overtime (OHRM Policy #1001)

A. All employees are covered by the Wage and Hour Provisions for the Federal Fair Labor Standards Act (FLSA) unless specifically exempted. If overtime occurs (non-exempt employees who actually worked more than 40 hours in a work period), the non-exempt employee is to receive time and a half (1 ½) FLSA compensatory time for the amount of overtime worked.

B. Non-exempt employees may accrue up to a maximum of 240 FLSA compensatory time (160 hours X 1 ½ = 240 hours of compensatory time).

C. Paying FLSA Compensatory Time (Attachment #12)

1. Instances when unused and accrued FLSA Compensatory time is paid out to non-exempt employees:

   a. An employees' compensatory time exceeds 240 hours
   b. Employee transfers to another DFCS office outside of the region
   c. Non-exempt employee terminates state service

   EXCEPTION: Centralized hired employees will take their FLSA Compensatory time with them when being transferred to another county, regardless of regions.

2. **Overtime rate** for paying FLSA Compensatory Time

   a. Either the average regular rate (base pay) received by the non-exempt employee during the last three years of employment; or
   b. The final regular (base pay) received by the non-exempt employee

   NOTE: The regular rate (base pay) does not include state or county supplements. The regular rate divided by 2080 hours will provide you with the employees' hourly rate of pay.

D. Monetary Payment of Overtime (Attachment #13)

1. Paid only in unique or critical circumstances and must have prior budgetary approval from DFCS Leadership (state office)

2. Overtime payments are calculated on an hourly rate by adding non-exempt employee's annual salary and supplemental salary (state and county) and dividing the sum by 2080 hours to determine an hourly rate of pay.

3. Overtime payment is calculated on the rate in effect when the overtime was earned, not

when paid. It may be necessary to refer to Personnel Actions on the employee to determine the appropriate salary.

2230. Leave With Out Pay (LWOP) (Attachment #14)

A. When an employee is on Leave Without Pay for less than a full pay period, salary supplements should not prorated.

B. Calculation of the LWOP is based only on the employee's "regular base pay", which excludes salary supplements.

C. Determining if an employee is to be docked for their furlough day in a Leave Without Pay situation depends on when the furlough day is and when the employee is in LWOP status.

1. If the employee is in Leave without Pay status on the day the furlough is to be observed, then the employee is not to be docked for the furlough day.

2. If the employee is in Pay status on the day the furlough is to be observed, then the employee is to be docked for the furlough day. Even though they may be on Leave Without Pay somewhere during that pay period, if they are in PAY STATUS the day of the furlough, they must be docked.

D. An actual example of steps necessary to properly calculate and post this to the accounting software is provided in the HOW TO SECTION of your Payroll Notebook. These examples can also be found on the FFS Website, under Payroll – HOW TO's.

2231. Terminal Leave Pay

A. Terminal Annual Leave pay is paid for all accrued and unused annual leave that has not been forfeited – not to exceed three hundred sixty (360) hours.

B. Terminal Annual Leave pay is calculated according to the following rules. The Terminal Annual Leave Calculations Formula (Attachment #15a or 15b), form was developed to assist payroll with determining the correct amounts to pay an employee for Terminal Annual Leave.

1. Determine the annual base salary last received by the employee.

   NOTE: Part-time salary must first be converted to an equivalent full-time salary

2. Determine the hourly rate by dividing the employee's annual salary by two thousand eighty (2,080) hours in a year.

3. Determine the number of hours to be paid based on the employees' final leave record. Decimal fractions of an hour shall be rounded to the next highest hundredth of an hour.

   NOTE: The leave module on SMILE carries fractions of an hour out to 3 decimals.

4. Multiply the hourly rate by the number of hours to be paid.

C. Terminal Annual Leave pay is paid on a separate check and is not to be direct deposited. The check should be returned to the employee's supervisor so that they can ensure all county department equipment/property/P-Card is returned before release of the final check.

D. An actual example of steps necessary to properly calculate and post this to the accounting software is provided in the HOW TO SECTION of your Payroll Notebook. These examples can also be found on the FFS Website, under Payroll – HOW TO's.

2232. Deferred Compensation Deductions from Terminal Leave Payouts

A. The Internal Revenue Service has included in their new proposed regulations permission for terminated employees to defer post severance compensation to their 401(k) and 457 plans within 2.5 months after terminating employment.

B. An employee needs to meet with their Employees' Retirement system representative to ensure that this additional deduction can be taken from their final check.

C. The paperwork requesting the deduction has to be signed no later than the month prior to the month in which the deduction will occur.

D. The Deferred Deductions from terminal leave payouts is processed through the payroll module as normal under the appropriate deferred compensation field.

2233. Distribution of Payroll Checks

A. The following procedures are to be used in the distribution of payroll checks. County Departments are to adhere to the INTERNAL CONTROL PROCEDURES with regards to distributing payroll checks. (See Part I, Internal Control System, Check Distribution).

B. If the county DFCS office has any physical payroll checks, they should follow the procedures below as to when the check may be released to an employee.

1. Payroll checks may be distributed at the beginning of business on payday to all employees who have accrued leave to cover the remaining work hours in the pay period.

2. When a request is made to release a payroll check to someone other than an employee (e.g., spouse, child, etc.), the request must be in writing from the employee and approved prior to the time of distribution.

3. Employees who do not have accrued leave to cover the work hours in the pay period will be issued checks at 2:00 pm on payday provided they remain on duty the remainder of the day. (Exceptions: Employees on 9 or 10 hour alternate work schedules or employees on approved leave the day of payday.)

4. If an employee is to be allowed to pick up their paycheck the day before payday, see number 3 above, the Supervisor will need to make arrangements with the person in the county DFCS office. The county DFCS office employee responsible for securing these checks may release the check to the supervisor who will then hold the payroll check until the close of business. These are the only exceptions.

   NOTE: It is now mandatory that all employees are using either Direct Deposit or the Direct Payment Card for their payroll.

5. Payroll checks must be dated the date of payday. Regardless of when received, payroll checks are not to be cashed or deposited until the date of the check. Staff who cash or deposit payroll checks early will be subject to disciplinary action.

6. Employees who terminate between pay periods will be paid on the subsequent payday.

7. Terminal Annual Leave will be paid on a separate check, after the last regular pay check. This payment should not be direct deposited.

2234. Direct Deposit of Paycheck

A. It is now mandatory that all DFCS employees have their payroll either direct deposited or deposited to a direct payment card (Attachment #36).

EXCEPTION: The only exception being if the employee's bank is unable to process electronically transmitted deposits. A statement from the bank is required in these situations.

B. If the Regional DFCS offices need more information regarding Direct Deposit, they may contact Jeanne Story with DFCS Field Fiscal Services. The Employee Direct Deposit form is available from your Personnel Representative and will also be available on the FFS Website.

NOTE: An email to the employee stating that you are having to reverse an amount from their Direct Deposit or Direct Payment Card is required. In some cases, if the reversal of funds is due to an overpayment situation, repayment agreements may be needed in order to not financially overburden the employee.