Payroll Factory's Client Payroll Processing Guide

How to Reach Us

The Payroll Factory
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Hours of Business

We are open from 8:30 am to 5:00 pm Monday through Friday. We observe the following national holidays and will be closed:

New Year's Day	Labor Day
Memorial Day	Thanksgiving Day
Independence Day	Christmas Day

During the year you will receive an email concerning holidays that may effect your processing schedule. Please respond as soon as possible if any changes are necessary so we can assure adequate staffing will be available. **Note:** See page 12 for how bank holidays effect your company's check date.

Processing Schedule

Submit completed payroll information by calling, faxing or transmitting the information to our office by 12:00 pm on your scheduled processing day. A processing day will be assigned to you according to your need. The checks and reports are generated and delivered either the next day by UPS or put in the mail. We strongly recommend the use of UPS due to the unpredictable nature of the Postal Service.

If it becomes necessary to change your scheduled processing day, please give us as much advanced notice as possible so we can ensure that your payroll will still be delivered when you need it.

Billing Information

You are primarily billed for each payroll by the number of checks we produce with our basic payroll service. In additional to the processing fee for our basic service, there would be additional charges for optional services and W2s. A nominal minimum processing fee will be charged for pay periods with no pay. For your convenience and ours, your back account will be automatically debited according to the charges detailed on your bill.

Client Procedures for Payroll Processing

Confidentiality
Information about your payroll is confidential. Therefore, we require authorization regarding whom we may speak with at your company about payroll matters. Please keep us updated on authorized contacts. If you pick up your payroll, we will ask for identification until we become familiar with you. If you need to have someone different pick up your payroll, please call our office and let the receptionist know who will be picking up your payroll that day. The person picking up your payroll will be required to sign for it.

Delivery of your Payroll
The rate schedule listed on the following page details charges for normal courier delivery, special charges for rush delivery, and the charge for mailing. Delivery costs are subject to change as our costs increase. Rush delivery is defined as any payroll that must be delivered in the same day that completed payroll information was supplied to us.

Please call in your payroll information as soon as possible. Complete payroll information received after 2:00 pm is considered to be received at 9:00 am the following day. The time of your call is recorded when you speak to your processor and give complete information. **It is your responsibility to phone or fax your information to us.**

For example, if we receive your payroll information after 2:00 pm and you need your payroll the next day, the cost on the schedule that follows would be a “Same Day Delivery”.

Delivery Services Price List

Service	***Description***	***Cost***
Mail Delivery	*Payroll information received by 2 pm will be put in the mail the next business day*	*$2.00 /payroll*
Courier Delivery	*Payroll information received by 2 pm will be delivered the next day*	*$9.00 /payroll*
Special Courier	*Payroll information received by 12 pm will be delivered the same day*	*Special price quote*
UPS	*Payroll information received by 2pm will be delivered the next day*	*$6.00 /payroll*

Timesheet for Submission of Data

The information for your next payroll appears on a timesheet included with each payroll and is a helpful worksheet for you to record the information we need. The timesheet shows:

- Check Date – date on which check is payable.
- Period End – Reflects the last day of the period to be paid.
- Active Employees
- Scheduled Deductions – the voluntary deductions on each employee's check that will automatically be taken per the specified schedule. Please **NOTE:** Any terminated employees from the previous payroll will not show up on the timesheet included for the next payroll. If you need a list of terminated employees, please talk to your payroll processor about an additional report that can be provided.

Submitting Payroll Data

Please verify the following information prior to submitting your payroll:

- Check Date
- Period Beginning and End Dates
- Changes to scheduled deductions
- Changes to employee information (e.g. Exemptions, Social Security #, Etc.)
- Accurate payroll totals (see "Payroll Totals" on next page)

Hourly Employee

- To pay hourly employees you must submit the number of regular hours to be paid.
- If an hourly employee works overtime, indicate the hours worked as overtime hours as opposed to regular hours.
- If an hourly employee is not to be paid, tell the person taking your hours "No Pay" for that employee. Write on your timesheet N/P.

Salaried Employees

- Salaried employees are NOT automatically paid. You must indicate to us that we are to pay them by saying “Pay” when you phone in, or place a check mark on the time sheet under the salary amount if you are faxing information.
- If a salaried employee is to be paid either MORE or LESS than the regular amount, please indicate the amount. Please indicate whether this is a permanent or temporary change.
- If a salaried employee is to be paid for overtime, discuss the amount to be paid with your processor.
- If a salaried employee is NOT to be paid, tell your processor “No Pay” for that employee. Write on your timesheet N/P.

It is important for you to submit your payroll information in the following sequence:

1. Current pay information: hours, salary, new pay rate, etc.
2. Changes to employee name, address or social security number.
3. Special pays (handwritten checks or adjustments).
4. New Hires.
5. Payroll totals (see below) to verify payroll – A control total line has been provided for you at the bottom of the timesheet to record company totals. To ensure the accuracy of your payroll, you will be asked to provide totals for the processor to verify.

Payroll Totals

At the end of your timesheet, please record hash totals (control totals) so we can verify that our totals match yours after we input your payroll information. We would like you to total the regular hours and overtime hours. Below is an example of the required hash totals:

Employee #	**Regular Hours**	**Overtime Hours**
1. John Doe	40.0	2.7
2. Jane Doe	38.5	15.5
3. Jimmy Doe	40.0	8.0
4. Jenny Doe	40.0	11.0
5. Jerry Doe	40.0	
Hash Total	**Total Regular Hours**	**Total Overtime Hours**
	198.50	37.2

We confirm each payroll is correct by comparing our control totals to yours. If there is a difference, we will verify your calculation and call if there is a discrepancy. If no hash totals are provided we consider the timesheet as incomplete. **We process payrolls without hash totals at the client's risk. If we have to rerun the payroll or make corrections, there will be additional charges for the corrections.**

Additional Pay Information

- Hourly employees can be paid additional hours for holiday, vacation or sick pay.
- Any employee can be paid additional earnings for holiday, vacation, sick pay, etc.
- The additional pay can be included in the regular pay check or you can ask for separate checks. Please make sure the processor is aware of a multiple check request.
- If an employee normally has a direct deposit check, make sure you indicate whether any additional checks are supposed to be direct deposit also, or issued as hard checks.
- If a garnishment check is listed on the timesheet, please indicate to the processor whether or not a check should be prepared with the current payroll.
- Banking Information (Account number and amount for direct deposits). To better ensure accuracy we would like you to send a voided check from the employee's personal checking account or a deposit slip from the savings account in advance of your processing day. Please attach it to a completed and signed Direct Deposit Authorization form.

New Hires

The following information is necessary for us to accurately process payroll for a new employee:

- Employee number (unless we assign)
- Home Department Number
- Social Security Number
- Name (first name, middle initial, last name)
- Rate of pay (hourly, daily or salary)
- Marital Status
- Exemptions (Federal and State)
- The State and Local tax to be deducted
- Any additional taxes to be deducted
- Hire Date
- Birth Date
- Address
- Hours worked or salary to be paid during this payroll period

We encourage you to fax new hire information for the items above on our new hire worksheet.

Permanent Changes

The following types of changes should be reported to us with each payroll:

- Employee name (when incorrect, married or divorced)
- Employee address
- Social Security Number
- Rate of pay, etc.
- Change in marital status

NOTE: Please don't change an employee's last name until they have registered the new name with the Social Security Administration. Your company can get fined $50 or more per incident by the IRS for a name that doesn't match the Social Security number.

Near the end of each year, you will receive a report listing employees and independent contractors that received checks during the current year. You will be asked to review this information and report any changes as necessary for the accurate generation of W-2s and 1099s in the following January. If there were independent contractors who received a check but have not been reported through our payroll system, please add their names, Social Security or EIN#, address and amount received to the report so a 1099 (if we produce the 1099s) can be issued for that individual.

Handwritten and Voided Checks

Whenever you issue a manual check or void a payroll check that has been issued, the check detail must be reported to us AS SOON AS POSSIBLE whether or not you have us calculate the taxes to be deducted. This information is required for us to accurately determine your tax deposits and produce W-2s and 1099s at the year's end. There is a nominal charge for each manual or voided check.

If you would like us to calculate the manual check, please call us with the following information:

- Employee Number
- Employee Name
- Hours, earnings, gross pay, etc.
- Other deductions or pay
- **Check number used**

We will then calculate the taxes to be deducted while you wait on the phone and will tell you the taxes and net check.

If you calculated the taxes yourself or are issuing a check for an independent contractor, please call us with the above information and the exact amounts of any Federal, State, FICA and local taxes deducted.

Payroll Service We Offer

Payroll Reports – Basic Service

Included with each set of checks are standard reports that we produce in our basic service. These include:

- Payroll Tax Summary Instruction Letter
- Payroll Summary
- Check Register
- Earnings Register
- Timesheet for the next payroll
- Cash Analysis report

If there are additional reports you would like to see, please contact your payroll processor to discuss the format and design you would like. Most reports can be generated for a nominal charge.

We provide a tax alert report that shows taxable wages, tax amounts and due dates for taxes so you can make your tax payments accurately and on time. It is your responsibility to make the required payments on or before the date indicated in order to avoid a penalty assessment.

If you prefer, we can automatically produce checks for you to pay your employment taxes. There will just be an additional check charge.

Tax Pay and File Service

By selecting our Tax Pay and File Service, you can have all of your payroll taxes paid automatically on your behalf. Produced with each payroll is a listing (Tax Liability Report) of the taxes that will be debited from your company's bank account for payroll tax deposits to be made by us on your behalf.

It is your responsibility to make sure funds are available on the check date to cover the taxes that will be debited from your account. If there are insufficient funds, there will be charges from the bank as well as from our office.

We will debit your bank account on the check date (one day prior if weekend or bank holiday). **NOTE:** Larger employers are debited 2 days prior to check date. We will deposit your taxes with the appropriate governmental agencies on your behalf. We will also prepare, sign and file your employment tax returns as they become due. Copies will be provided to you on a quarterly basis.

Direct Depositing of Payroll Checks

If you have selected to have your payroll checks direct deposited, we will provide ACH transmissions to transfer money from your account to your employees' bank accounts by one of the following ways:

- Via your company account at a nominal fee per pay period plus a transaction charge per bank account where money is being deposited. **Note**: Your bank may charge you a flat monthly service fee plus a transaction and /or per record charge. Transactions via your company account must be processed 3 days prior to the check date.

OR

- Via our impound account at a nominal fee per pay period plus a transaction charge per bank account where money is being deposited. Transactions via our impound account must be processed 4 days prior to the check date to enable us to debit your account for the net amount of the direct deposit checks one day prior to the check date.

Banking information must be accurate in order for the employee to properly receive electronic funds into their bank accounts.

NOTE: The bank requires 2 business days to process all direct deposit transactions. You must adjust your call in day when bank holidays occur. If you have any questions regarding bank holidays and your direct deposit call your payroll processor for clarification.

Remote Payroll Software: Online Employer

You can submit your payroll directly to us using almost any personal computer with a modem. This method increases accuracy, reduces cost and gives you more information.

Time Clock Interfacing

We can receive your payroll information directly from your time clock software. We can customize our data import to work with almost any brand of time clock software so that you can streamline your payroll process.

Check Signing

A reproduction of your endorser's signature is printed on your checks at the time your payroll is printed. This can save a great deal of time.

Check Sealing

If we electronically sign your checks, we can also save you even more time by pressure sealing the checks. This feature can also be used if all of your employees have their checks deposited via direct deposit.

Department Distributions

By posting the different departments an employee worked in, we can provide you with a distribution (listing) by department of all earnings, taxes and deductions. This allows you to do cost analysis by department.

Envelopes for Checks

You can purchase a box of payroll envelopes and stuff your own paychecks.

Workers Compensation Audit Reports

We can print a report summarizing labor departments that can be given directly to your insurance auditor. We can even span 2 calendar years.

Other Reports

We can produce custom reports to suit your needs:

- Vacation/Sick/Personal Day Accruals
- Job Costing
- Pension 401-k Reports (457, SEP, Simple IRAs , etc.)
- Tip Reports
- General Ledger Posting Reports

Check Pooling

If confidentiality is a concern, you can clear your employees' paychecks through one of our bank accounts.

Helpful Hints and Reminders

Reminders

DO:

- Notify us two weeks before your bank account number or any of your employer identification numbers change.
- Immediately send us any correspondence received from tax agencies (preprinted forms, rate notices, agency inquiries).
- Send us any change of address two weeks before you begin paying employees in a new tax jurisdiction.
- Notify us in advance of you intent to merge with another company or transfer employees to or from another company.
- Contact your processor if you have questions.

DON'T:

- Date checks earlier than payroll delivery date.
- Don't issue manual checks in an earlier quarter than the quarter when the next payroll is to be processed.
- Don't make any tax deposits that we are responsible to deposit on your behalf, unless specifically directed to do so.

Stop Payment on Payroll Checks

- Call your bank (not us) and get the necessary stop payment forms.
- Inform your payroll processor of any stop payments on the next payroll.

Adding a New Voluntary Deduction for your Company

- Call your payroll processor prior to the next payroll to be processed.
- Be sure to tell your payroll processor what code you want to use, the wording you would like and how often the deduction should be taken from your employee's pay.

Changing Payroll Bank Accounts

- Allow 10 days and be sure to mention to your processor if the tax impound account should also be changed.

Converting Salary to Hourly

(Based on employee working 40 hours per week)

Total number of hours in a year = 2080 (40 hours x 52 weeks)

WEEKLY – 52 times a year

Example 1: Divide salary by 40 hours
i.e. $200.00 ÷ 40 hours = $ 5.00 hour

Example 2 : Annual Salary
$ 200.00 x 52 = $ 10, 400.00
$ 10, 400.00 ÷ 2080 = $ 5.00 hour

BI-WEEKLY – 26 times a year (Every other week)

Example 1: Divide salary by 80 hours
i.e. $ 400.00 ÷ 80 = $ 5.00 hour

Example 2: Annual Salary
$ 400.00 x 26 = $ 10, 400.00
$ 10, 400.00 ÷ 2080 = $ 5.00 hour

SEMI-MONTHLY – 24 times a year (Twice a month)

Example 1: Multiply 24 x semi-monthly rate
i.e. $ 500.00 x 24 = $ 12, 000.00 annual

Example 2: Divide annual by 2080 hours
i.e. $ 12, 000.00 ÷ 2080 = $ 5.76 hour

Minute Conversion Chart

Minutes	Hundredths	Minutes	Hundredths	Minutes	Hundredths
01	.02	**21**	.35	**41**	.68
02	.03	**22**	.37	**42**	.70
03	.05	**23**	.38	**43**	.72
04	.07	**24**	.40	**44**	.73
05	.08	**25**	.42	**45**	.75
06	.10	**26**	.43	**46**	.77
07	.12	**27**	.45	**47**	.78
08	.13	**28**	.47	**48**	.80
09	.15	**29**	.48	**49**	.82
10	.17	**30**	.50	**50**	.83
11	.18	**31**	.52	**51**	.85
12	.20	**32**	.53	**52**	.87
13	.22	**33**	.55	**53**	.88
14	.23	**34**	.57	**54**	.90
15	.25	**35**	.58	**55**	.92
16	.27	**36**	.60	**56**	.93
17	.28	**37**	.62	**57**	.95
18	.30	**38**	.63	**58**	.97
19	.32	**39**	.65	**59**	.98
20	.33	**40**	.67	**60**	1.00