

SAMPLE

NONPROFIT ORGANIZATION PAYROLL PROCEDURES MANUAL TABLE OF CONTENTS

1.00	TIMEKEEPING SYSTEM	
	1.10 Timekeeping System Used	2
	1.20 Process for Reporting Time.....	2
	1.30 Approving and Recording Time.....	3
2.00	ADP INPUT AND PROCESSING	
	2.10 Processing New Hires.....	4
	2.20 Payroll Data Changes	5
	2.30 Maintenance of Payroll Forms.....	6
	2.40 Processing, Releasing and Posting Payroll	6
	2.41 Processing the Payroll	6
	2.42 Releasing the Payroll	8
	2.43 Posting the Payroll Journal Entry	8
	2.50 Distribution of ADP Payroll Reports.....	8
	2.60 Transferring Funds for Payroll	9
	2.70 Payment Methods to Employees	10
	2.71 Direct Deposit	11
	2.72 Agency Issued Pay Cards.....	11
	2.73 Payroll Checks.....	12
3.00	ADDITIONAL PAYROLL JOURNAL ENTRIES	
	3.10 Accrual Journal Entry.....	28
	3.20 Program Allocation Changes	28
4.00	REGULATORY FILINGS	
	4.10 Federal Payroll Tax Filings.....	30
	4.20 State Payroll Tax Filings	30
5.00	PAYROLL AND BUDGET	
	6.10 New Hires	31
	6.20 Annual Approved Budget	31
	6.30 Data Change Reports	40
	6.40 Budget vs. Actual Reporting.....	40
6.00	APPENDIX	
	Organization Chart- Finance Departments.....	45
	Job Descriptions- Payroll Department.....	46

2.40 Processing, Releasing and Posting Payroll

2.41 Processing the Payroll

Nonprofit Organization's pay period is bi-weekly from Saturday to the next week on Friday. Payroll is processed the following Wednesday (see *Paychex Payroll Schedule (Exhibit A)*)

All changes and adjustments to the payroll must be made by Monday morning 10:00 AM of the pay week. Payroll must be transmitted to ADP by 5:00 PM on Wednesday of payroll week. An extension until Thursday at 10:00 AM can be requested from ADP.

Payroll Manager must complete the following steps before closing the pay period in ADP so that no further changes can be made:

Step 1- Upload all CSV files downloaded from the electronic timekeeping system into ADP. (**Exhibit B**)

Step 2- Total the number of hours on all paper timesheets received and enter them into the ADP timesheet module.

Step 3- Ensure that all payroll changes for the pay period have been entered into the ADP system.

The Payroll Manager then submits the payroll to ADP for processing (**Exhibit C**). An e-mail is received from ADP when the following reports are available for review.

- ◆ *Payroll Register Report (Exhibit C)*
- ◆ *Personnel Change Report (Exhibit D)*
- ◆ *Statistical Summary Recap and Detail Reports (Exhibit E)*
- ◆ *Payroll Audit Report (Exhibit F)*

The Preliminary ADP Payroll Register Report is reviewed by the Assistant Payroll Manager and then by the Payroll Manager. The review includes the following:

- Comparing and verifying that the data and changes on the forms received from the Personnel Manager have been correctly input in ADP.
- Verifying that all changes listed on the Personnel Change Report are accurate and have proper supporting documentation.
- Reconciling the total hours input from the electronic timekeeping system and paper timesheets agrees to the total hours reported in ADP.
- Verifying that all changes to program allocations have been properly recorded.

Once the Preliminary Payroll Register is reviewed by the Payroll Manager and the Assistant Payroll Manager, a copy is sent to the Controller for review and approval before the payroll is released.