Effective: August 12, 2024 Cancels: New	

POLICY-FA-2515
Payroll Policy

Approved by: Emily Bergkamp
Emily Bergkamp, General Manager

Heather Stafford
Heather Smith, Administrative Services Director

Written by: Kiera Maryott

PAYROLL POLICY

This policy applies to all employees of Intercity Transit, unless explicitly addressed in applicable collective bargaining agreements.

Definitions:

"Federal Tax Withholding" – a tax rate imposed by the United States federal government on taxable income

"W4" – the IRS document employees provide to the employer so the employer can withhold federal income taxes from the employee's paycheck

"Exempt" – Employees who are ineligible for overtime

"Non-exempt" – Employees who are eligible for overtime

"Voluntary deductions" – A deduction withheld from the employee's earnings for the benefit of the employee

"Mandatory deductions" - A deduction the employer has an obligation to deduct from the employee's earnings and remit to the appropriate agency or vendor

"Disposable Income" – Gross pay less mandatory deductions and union dues

1. Payroll Overview

All compensation to employees is processed in-house by Payroll at an interval determined by the General Manager and is:

- Paid at a biweekly pay schedule of every two weeks/26 pay periods per year;
- At approved pay rates and pay types authorized by Human Resources (HR);
- Substantiated by adequate backup;
- Properly coded to general ledger codes in the payroll system;

- In compliance with Intercity Transit (IT) policies, collective bargaining agreements, and applicable State statutes and Federal regulations; and
- Reported as required by State and Federal requirements.

2. Changes

All new hires, employee changes and terminations must be reviewed and approved by Human Resources before those changes can take effect in Payroll. Changes can include personal information, pay rate changes, department or job title changes, employment status changes.

Changes that include a pay rate change, title change, or department change shall be reviewed and approved by Human Resources and the General Manager and provided to Payroll via approved documentation from HR. If Payroll receives notification of a pay rate change after the pay period of the pay rate change, the employee will receive a retroactive adjustment on the next pay date.

3. Pay Periods and Timesheets

Intercity Transit's payroll periods shall be determined by the General Manager and shall be posted at the beginning of each calendar year.

Intercity Transit reserves the right to change payroll periods when it is deemed in Intercity Transit's best interest to do so.

Each pay period consists of two weeks. Unless stated otherwise by a collective bargaining agreement, each workweek begins at 12:01 am Sunday and ends at 12:00 midnight Saturday. A normal work schedule for a full-time employee consists of 40 hours each workweek. Work schedules may be adopted and modified by Division Managers as needed to cover office hours, emergency situations, special project assignments, meeting requirements, and other operational concerns.

Electronic and paper timesheets must be complete and accurate and shall be submitted and approved by the employee and the employee’s supervisor. It is the Supervisor’s/Approver’s responsibility to review and approve employee timesheets. If electronic approval is not available, a signed timesheet is required.

For operators, timesheets are submitted to Payroll from the Scheduling division of Operations daily.

4. Rest and Meal Periods

Rest and meal periods shall be provided in accordance with applicable law and labor agreements and scheduled by the employee's supervisor. Employees are expected to not perform work during their rest and meal periods.

Meal periods are not provided on paid-time unless an on-duty meal period is provided or required as part of the employee's regular work schedule.

5. Overtime

In accordance with the Fair Labor Standards Act (FLSA), overtime pay is provided for “non-exempt” employees.

It is the responsibility of the Administrative Services Director or Human Resources Deputy Director, subject to the approval of the General Manager, to designate each classification as FLSA “exempt” (not entitled to overtime) or FLSA “non-exempt” (entitled to overtime) in accordance with established FLSA criteria for “exempt” or “non-exempt” status.

Employees in positions defined as FLSA “exempt” are not entitled to receive overtime pay.

Employees in positions defined as FLSA “non-exempt” are entitled to overtime pay for hours worked in excess of forty (40) hours in the workweek.

Eligible employees shall receive overtime compensation at the rate of one and one-half times their regular rate of pay for hours worked in excess of forty (40) hours in the workweek.

For overtime calculations, the shift will be included in the work week the shift began.

6. Hours Worked

The use of any paid leave relating to vacation, paid holiday, paid military leave, and/or jury duty, will be counted as hours worked for overtime computation, unless stated otherwise by a collective bargaining agreement.

The use of any paid leave relating to sick leave or bereavement leave will NOT be counted as hours worked for overtime computation.

Paid time includes work performed by the employee for the benefit of the agency, including checking email and responding to messages. Employees are not permitted to perform work outside of scheduled work hours

All overtime hours worked by "non-exempt" employees must be approved in advance by the employee's supervisor. Overtime hours worked without supervisory approval may be regarded as a violation of Intercity Transit policy and subject to disciplinary action.

"Non-exempt" employees who work overtime will record such hours on their time sheet or time record rounded to the nearest quarter of the hour.

Supervisors are required to verify overtime prior to submitting timesheet information to payroll.

7. Travel

Travel related to and attendance at Intercity Transit approved seminars, workshops, conferences, business-related meetings, and training programs may be considered hours worked for non-exempt employees. Compensation for travel and attendance at such activities shall be as provided by the Fair Labor Standards Act.

8. Paystubs

Employees will receive a copy of their earning statement at the end of each payroll period.

9. Direct Deposit

New employees will submit their direct deposit information to Payroll via the onboarding process.

Existing employees making a direct deposit change must complete a Direct Deposit form and deliver it to Finance in hard copy form. In lieu of a Direct Deposit form, employees may also submit a voided check or official document from the employee's bank showing the routing number, account number and account type. Requests to change banking information received by email will not be accepted.

If an employee changes their bank account information, the next paycheck will be a paper check. The paper check will be sent to the employee's mailing address, or the employee may make arrangements in advance with Finance for pick-up. Employees may not pick-up their check prior to the scheduled pay date.

If an employee closes their bank account during the payroll funds transfer, IT will wait for the ACH to be rejected/returned before re-issuing payment.

10. Payroll Deductions

Employees may have voluntary or involuntary deductions withheld from their paycheck.

Voluntary deductions occur when an employee elects to have additional money withheld from their earnings for their benefit. Voluntary deductions may include:

- Insurance premiums (HCA, MetLife, AFLAC, etc.)
- Committee and charitable contributions (Wellness Committee, United Way, etc.)
- Union Dues
- 401K/457 retirement employee contributions

An involuntary deduction is a mandatory deduction, which the employer has an obligation to deduct and remit to the appropriate vendor/agency. Mandatory deductions may include:

- Taxes and assessments (state and federal)
- PERS retirement
- Court ordered garnishments
- Child Support payments
- 401K/457 Loan payments

Voluntary deductions must be authorized in writing by the employee. Employees requesting a change to a voluntary deduction must submit their change request to Payroll by at least four days prior to the end of the pay period for those changes to take place on their next paycheck. Any voluntary deductions that require a third-party enrollment (Deferred Comp, Aflac, MetLife, Vanguard, etc.) will require confirmation of enrollment with that third party prior to the change taking place in the payroll system.

To make Federal Tax Withholding changes, a signed W4 form must be submitted to Payroll.

Human Resources is responsible for administering Intercity Transit healthcare benefits. HR will provide Payroll with notification of all employee benefit enrollments, termination and other changes that result in a change in an employee's deduction.

11. Payroll Corrections

Employees are responsible for regularly reviewing their earnings statements for accuracy and promptly notifying Payroll if an error is identified. In such cases, the correction will be made in the next scheduled payroll.

If an employee is overpaid, Intercity Transit will follow RCW 49.48.200 to recuperate the money. The affected employee will be notified in writing. The notification will provide a date when the correction takes place. The payroll department will deduct 5% of the employee's disposable earnings until the overpayment is rectified.

The employee may voluntarily request more than 5%, to resolve the issue sooner.

12. Payroll Reporting

The Finance Department will file periodic payroll reports as required by State and Federal regulations.

Annual payroll report filings required by State and Federal regulations include the Federal W-2 and W-3, and 1095 Health Insurance forms. Employees will receive their W-2 and 1095C by the required Federal deadline. The forms will be mailed to the employee's mailing address on record and/or optionally delivered electronically from IT's vendor if elected by the employee.

13. Employee Terminations

Terminated employees are processed through the payroll system and receive their last paycheck according to the payroll calendar on the next regularly scheduled payday. Payroll will use the direct deposit account on file for the employee's final paycheck. The employee's final paycheck will include a payout of any vacation and sick leave in compliance with current agency policies.

14. Taxable Compensation

According to the IRS, certain types of other compensation are taxable. The following are examples of such IRS deemed taxable fringe benefits that are paid with regular payroll:

- Relocation Expenses
- On call pay
- Recognition awards and gifts
- Single day meal reimbursements
- Commute Trip Reduction (CTR) stipend
- Accrued leave buyouts
- Compensation items that may be included in a collective bargaining agreement, such as shoe allowance, tool allowance, and signing bonus