



TITLE DCS 03-05 Payroll Processing	POLICY NUMBER DCS 03-05	
RESPONSIBLE AREA Finance, Office of Accounting	EFFECTIVE DATE 10/14/16	REVISION 0

Payroll Processing

I. POLICY STATEMENT

The Department ensures through its Payroll Office that employees are paid for time worked in an accurate and timely manner, in accordance with applicable laws. The Payroll Office also ensures that the required supporting documents and records are maintained.

This policy establishes guidelines for:

1. Identifying payroll transactions subject to processing;
2. Submitting a time card;
3. Releasing payroll items;
4. Making payroll adjustments and corrections; and
5. Issuing pay when an employee voluntarily separates, retires or is dismissed.

II. APPLICABILITY

This policy applies to all DCS employees.

III. AUTHORITY

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| A.R.S. § 23-351 | Designation of paydays for employees; payment; exceptions; violation; classification |
| A.R.S. § 23-353 | Payment of wages of discharged employee; violation; classification |
| A.R.S. § 23-391 | Overtime pay; work week |
| A.R.S. § 38-608 | Compensation or time off for legal holidays |
| A.R.S. § 38-611 | Compensation of certain state officers and employees |
| A.R.S. § 38-613 | State employee suggestion program awards; fund |

A.R.S. § 38-615	Payment for accumulated sick leave; limit; definition
A.A.C. R2-5A-401	Salary Plans
A.A.C. R2-5A-402	Salary Administration
A.A.C. R2-5A-404	Overtime
A.A.C. R2-5A-B601(B)	Holidays: Employees Scheduled to Work
A.A.C. R2-5A-B602(I)	Annual Leave: Separation
A.A.C. R2-5A-B603(F)	Sick Leave: Separation

IV. DEFINITIONS

Amended Time Card: A correction or adjustment to an employee time card made after the pay period has ended.

1. Corrections: Revision of the hours worked or leave taken due to a mistake in entering or in keying the time card entry.
2. Adjustments: Modification to the actual hours worked or actual leave taken that were not entered into the DCS Employee Time Entry (ETE) for the pay period.

Department or DCS: The Arizona Department of Child Safety.

Dismiss: A decision by the State to terminate the employment of a State worker.

Employee Time Entry (ETE) Card System: The application used by employees to record their pay and leave information for a designated pay period. It is also used by supervisors, managers or proxies to approve or reject an employee's time. Employees can also view prior pay period information in the ETE system, and add templates.

ETE Time Card Input: ETE time card input occurs on Thursdays of the non-pay week. Employees are to submit their time cards no later than 12pm, and time cards are to be approved no later than 5pm close of business (COB) on the same day. If a holiday occurs on a Monday of pay week, time cards are due to be submitted Wednesday by 12pm of the non-pay week, and approved by COB same day.

Forcing 40: Forcing 40 prohibits the practice of providing compensation for anything over 40 hours unless the employee actually works the overtime hours. For example, leave hours (e.g. holidays, leave, annual, etc.) are not used when determining overtime compensation, only the actual hours worked are considered.

Incentive Pay: Pay approved by the Department and paid to a Department employee as an inducement for performance or job function.

Leave Payoff: Payment to a separating employee of annual and holiday leave balances.

Overtime: Pay for actual hours worked over 40 hours in a workweek and paid to eligible employees under the Fair Labor Standards Act (FLSA).

Pay Rate Adjustments: An increase or decrease to an employee's hourly pay rate.

Payroll Items: Include payroll warrants, direct deposit, statements of earnings and deductions, and W-2 wage and tax statement forms.

Payroll Process: The Department's payroll process generates regular payroll based on Arizona Department of Administration (ADOA) processing schedules.

Payroll Processing: Payroll processing schedule established by ADOA.

Regular Salary: The employee's bi-weekly base salary established in the employee master, and includes pay for all hours worked, including overtime and paid leave. Regular salary excludes retroactive salary adjustments, and incentive pay.

Retirement: A decision by the employee to retire from State service.

Retroactive Adjustments: A modification to an employee's pay rate or salary that is applied to a pay period for which the employee has already received pay. Retroactive adjustments must be authorized by the DCS Human Resources Administration.

Salary Adjustment: An increase or decrease to an employee's annual salary.

Time Card: A legal document authorizing payment for hours worked and paid and unpaid leave, and distributing time charges to activity and reporting categories.

Voluntary Separation: A decision by the employee to leave State service.

V. POLICY

A. Payroll Authorizations and Transactions

1. Authorization
 - a. Payroll processing requires a valid employee master file in the State's Human Resource Information Solution (HRIS) system.
 - i. Department payroll processing will adhere to ADOA payroll processing schedules.
 - ii. Department payroll processing will adhere to ADOA payroll processing standards; including forcing 40.
 - b. Pay for regular salary and overtime hours require an approved ETE card.
 - i. By electronically signing and submitting the ETE Time Card, the employee certifies that the number of hours worked, including overtime, and paid leave submitted on the

timesheet is accurate and consistent with applicable statutes and laws.

- ii. The supervisor's electronic approval on the ETE Time Card certifies that all hours submitted by the employee for the number of hours worked, including overtime, and paid leave, is accurate and consistent with applicable statutes and laws.
 - iii. Amended time card corrections shall be made on a printed copy of the time card.
 - iv. Amended time card changes must be documented in red ink and must be signed in red ink by the employee and the supervisor. All original copies must be sent into the payroll office before processing.
- c. Retroactive salary adjustments require written approval from the DCS Human Resources Administration.
 - d. Incentive pay requires written approval from the Department.
2. Payroll Transaction Dates
- a. Regular salary and overtime hours shall be paid on the next scheduled pay calculation process.
 - b. A retroactive salary adjustment shall be paid on the next scheduled pay calculation process.
 - c. Amended time cards shall be processed on the next regularly scheduled payroll process. Amended time cards can be processed only up to 26 prior pay periods.
 - d. Incentive pay and stipends shall be paid on the next scheduled pay calculation process.

B. Payroll Adjustments

- 1. The DCS Human Resources Administration shall approve the effective date of all pay rate changes.
- 2. The DCS Human Resources Administration shall approve the effective date of all salary changes.
- 3. To process payroll adjustments, the Payroll Office requires properly authorized documentation from the DCS Human Resources Administration.

C. Payroll Corrections

- 1. Overpayments and Underpayments
 - a. For amounts underpaid to an employee, the Payroll Office will process

underpayment corrections for \$5.00 or more.

- b. For amounts overpaid to an employee, the Payroll Office will process overpayment corrections for \$10.00 or more.

2. Amended Time Card Corrections

- a. Amended time cards shall be submitted when the original time card was completed incorrectly and keyed with the incorrect data.
- b. There is a time limit on amended time cards. Amended time cards must be amended within the next 26 pay periods.
- c. Amended time card corrections made with correction fluid or tape will not be accepted. The time card will be returned to the employee for resubmission.

D. Pay for Employees Leaving State Service

- 1. When an employee voluntarily separates, retires or is dismissed from State service, the employee is eligible to receive pay for:
 - a. Regular and overtime hours.
 - b. Other earnings.
 - c. Annual leave.
 - d. Holiday pay, if eligible.
- 2. When an employee voluntarily separates, retires or is dismissed from State service, the Payroll Office is not authorized to pay unused sick leave balances.
- 3. When an employee retires, the employee shall be responsible to contact the following entities for retirement-related payments:
 - a. The [Retiree Accumulated Sick Leave \(RASL\)](#) program for sick leave payout, if eligible.
 - b. The [Arizona State Retirement System \(ASRS\)](#) for ASRS retirement contribution refunds.

E. Payroll Distribution

- 1. Distribution of Payroll Items to Current Employees

All checks are directly deposited.
- 2. Distribution of Payroll Items to Employees Leaving State Service

All checks are directly deposited.

F. Record Retention

The Payroll Office retains original time card information according to the ASLAPR record retention schedule.

G. Audits

The Payroll Office shall audit as prescribed by ADOA policy.

VI. PROCEDURES**A. Time Card Submission**

1. The Payroll Office ensures that each employee has a valid employee master file in the State's Human Resource Information Solution (HRIS).
2. In order to receive pay, a time card entered by the employee and approved by the supervisor is submitted in the Department's [*Employee Time Entry \(ETE\)*](#) system.
3. The electronic signature of the employee and supervisor on the time card certify that the information (e.g., number of hours worked, overtime hours, paid leave) submitted is accurate and consistent with applicable statutes and laws.

B. Payroll Adjustments

1. Pay Rate Adjustments
 - a. The Payroll Office documents pay rate adjustment calculations, including retroactive adjustments and stipends.
 - b. Pay rate adjustments are processed in the payroll period following the receipt of adjustment documentation from DCS Human Resources Operations.
2. Amended Time Card Corrections
 - a. Amended time card corrections which increase or decrease reported hours worked or leave taken are processed on the next regularly scheduled payroll process.
 - b. Amended time card corrections which change or reclassify assigned funding account code time charges are processed and posted on the payroll period after completion of the amended timecard.
 - c. Amended time card corrections are submitted to the Payroll Office on a printed copy of the ETE time card with signatures of the employee and the employee's supervisor. All corrections and signatures are to be made in red ink.

- d. To print a copy of the time card for amended time card corrections:
 - i. Access the Employee Time Entry (ETE) application in the Your Employee Services (Y.E.S.) website.
 - ii. In the left-hand menu bar, select "ETE Menu". Then select "Prior Time Records."
 - iii. Using the "Previous" and the "Next" buttons, select the correct time card record to be amended. (By default, the most recent time card submitted will appear.)
 - iv. Use the "Print Amended Time Card" button to print the time card.

C. Payroll Distribution

1. Payroll Items Distributed to Current Employees

The Payroll Office will directly deposit the final check into the employee's bank account on file.

2. Payroll Items Distributed to Employees Leaving State Service Voluntarily

The Payroll Office will directly deposit the final check into the employee's bank account on file.

3. Payroll Items Distributed to Employees Dismissed

The Payroll Office will pay within seven (7) business days the final check to the employee by certified mail or direct deposit whichever comes first.

D. Pay for Employees Leaving State Service

1. Employee Responsibilities

- a. The employee is responsible to ensure that the employee's address is correctly recorded in Department records.
- b. When an employee retires, the employee contacts the following:
 - i. The [Retiree Accumulated Sick Leave \(RASL\)](#) program at to apply for sick leave payout, if eligible.
 - ii. The [Arizona State Retirement System \(ASRS\)](#) to request ASRS retirement contribution payments.

2. Supervisor Responsibilities

- a. The supervisor completes the DCS Exit Checklist.

- b. Prior to approving the final time card, the supervisor ensures that the separating employee receiving holiday pay:
 - i. Has worked the employee's scheduled work shift the day before the holiday; and
 - ii. Has worked the employee's scheduled work shift the day after the holiday; or
 - iii. Is in active pay status for their scheduled work shift prior to and after the holiday.

- 3. Payroll Office Responsibilities
 - a. The Payroll Office verifies that time cards support final pay and collect any outstanding overpayments due from the employee.
 - b. The Payroll Office completes the RASL Application and Certification (GAO-SL-50) and RASL Non-University Checklist after receiving the completion part of the employee applying.
 - c. The Payroll Office provides confirmation to ADOA of employee sick leave balances.

III. FORMS INDEX

RASL Application and Certification GAO-SL-50

RASL Non-University Checklist