October 22, 2014

From: Stephanie Behan, USNH Director of Corporate Disbursement
To: UNH Managers and Supervisors
Subject: Payroll - Manual/advance payment and retro hours for non-exempt employees

Payroll has received a number of recent inquiries from employees and/or their supervisors about the processing procedures associated with the payment of missed hours and the recovery of manual (advance) payments issued. In some circumstances, the manual/advance payment amount has been recovered, however the retro hours were not entered, thus employee has continued to be short-paid. In some cases there is a misunderstanding about who is responsible to enter the retro hours, and no one does it thinking someone else will. In the end, some of these payment issues extend over a period of time causing the employee and their supervisors to be quite frustrated.

Your assistance is needed to be able to help provide guidance when hours are not processed on time and a manual/advance payment is requested.

**Brief overview of the advance/retro pay process:**

- If employee’s hours are not submitted or approved in time to be included in the correct payroll cycle, the hours **must** be processed into the next payroll cycle as retro hours.

- When employee is able to wait for payment until that next payment cycle, no manual/advance payment is provided. The employee would process their hours for that current cycle and add an earnings line for the retro hours along with a comment detailing the dates actually worked and an explanation that the payment was not previously paid.

- When employee requests a manual/advance payment for the missed hours that were not submitted or approved. The manual/advance payment is issued by Payroll via a check that is created outside of the Banner HR-Payroll system. The missed hours must be entered into the next payroll cycle as retro hours to record the payment to wage history and the manual/advance payment is withheld as a deduction from the employee’s next payroll payment.

  - The manual/advance payment is issued for 70% of the gross payment amount due. The 70% is an approximate net amount. The 30% is retained in order to cover the tax withholdings and any other deduction amounts for the employee. Any residual amount, after taxes or other deductions will be paid to the employee on the next payroll payment.

  - The employee needs to enter **retro hours** (the number of hours paid out in the advance paycheck) in addition to any hours they have worked in their
current pay period. The missed hours will be processed as an earning line, “Retro Hrs New Hire/Late Entry”, along with a comment detailing what dates they actually worked with an explanation that the time was not previously paid. These retro hours will offset the deduction processed to recover the manual/advance payment they previously received. If the retro hours are not entered then the employee will have a deduction for the manual/advance payment from their current hours and they will continue to be missing income.

- Payroll will enter a deduction to withhold the manual/advance payment from the employee’s next check.

The payment of the retro hours and the deduction of the manual/advance payment will marry and result in payment to the employee of any wage amount not necessary to pay the taxes or other deductions that must be deducted.

We appreciate your assistance to help clarify the processing of any missed hours by ensuring employees and their approvers understand the importance for them to process the hours worked; whenever possible on time. When that doesn’t happen the missed hours must be entered in the next payment cycle as the retro hours. When this does not occur, the employee will not receive a correct payment for services they’ve provided.

Please contact USNH Payroll at 862-1400 if you have questions or need additional information.