



TOWN & COUNTY OF NANTUCKET

FINANCE DEPARTMENT
PAYROLL WITHHOLDING ACCOUNTS

Monthly Reconciliation Process

Effective date: 09/01/2010

I. Purpose

On a weekly basis, the payroll department posts all employer and employee related costs to the Munis accounting system including the applicable amounts that are withheld from an employee's paycheck such as health and dental insurance premiums; deferred compensation; federal and state taxes, etc. The purpose of this process is to:

1. Ensure all employee and employer contribution portions for withholdings are recorded and reconciled to the general ledger within sixty days.
2. Ensure accuracy of employee and employer contributions.
3. Identify and correct any discrepancies between the general ledger withholding accounts and applicable vendors (example: Blue Cross Blue Shield; Delta Dental; etc.).
4. Reduce the risk to the town for liabilities in excess of payroll withholdings.

II. Process

Within seven days after the close of each month; the Payroll Clerk or Assistant Treasurer runs a deduction history report for the payroll withholding accounts in Munis. The Munis report is then reconciled to the monthly subscriber listing provided by the vendors. The reconciliation includes comparing the employee / subscriber name; rate code (individual; individual + spouse; individual + spouse + children; individual + children); and amount paid.

The Payroll Clerk or Assistant Treasurer performs the reconciliation by adhering to the following steps:

Compile the necessary documents:

1. Payroll Withholding Deduction History Report.
2. Billing Statement Provided by Vendor (Example: Blue Cross Blue Shield; Delta Dental, etc.)

Verify Employee Withholdings:

1. Compare Munis Employee Deduction Register to the Vendor Subscriber Listing Report.
2. Check-off line items that match from the Munis Employee Deduction Register to the Subscriber Listing Report.
3. Notify Treasurer of any anomalies / reconciling items.

Verify Benefit Changes:

1. Compare original benefit change forms to the Munis Employee Deduction Register.
2. Research discrepancies by running an Employee Deduction Detail History report and compare to applicable benefit changes in employee's file.
3. Notify Treasurer of any reconciling items.

Identify and Resolve Reconciling Items:

1. If an overpayment of the employee portion is identified; the employee is refunded in full the amount overpaid on the next payroll cycle.
2. If an underpayment of the employee portion is identified; there are four options:
 - a. If the underpayment pertains to only one payroll cycle; deduct the missed payment in the next payroll cycle. The department head or designee will be notified to explain the change in pay to the employee.
 - b. If the underpayment pertains to more than one payroll cycle, one member of the payroll team will notify the employee and schedule a re-payment plan to the town for the amount paid in arrears.
 - c. If the underpayment is due to the employee being on an unpaid leave (example extended sick leave); notify the employee a payment needs to be made directly to the Town of Nantucket on a weekly basis until they return from their leave.
 - d. If the underpayment is due to the employee being on worker's compensation; notify the employee a payment will be withheld from their worker's compensation check. If there are not sufficient funds to cover the deduction amounts; notify the employee of the variance and schedule a re-payment plan to the town.

III. Responsible Parties

<i>POSITION</i>	<i>RESPONSIBILITY</i>
Benefits Coordinator - Human Resources	Ensure new hire and existing employee changes to withholdings are documented and turned over to payroll and the applicable vendor within five business days.
Payroll Coordinator / Payroll Clerk / Treasurer- Finance Department	Ensure new hire deductions and existing employee changes are updated in the Munis system within two business days.
Payroll Clerk – Finance Department	Reconcile employee and employer contributions on a monthly basis. Report discrepancies to Treasurer to take the necessary action(s).
Treasurer – Finance Department	Ensure accuracy of withholding reconciliation and proper action is taken to reduce the liability to the Town.
Finance Director – Finance Department	Hold monthly status meeting with Treasurer and Assistant Town Accountant on withholding account activity.

Audit Committee	Review completed withholding reconciliation reports on a quarterly basis.

IV. Timeline

The payroll withholding account reconciliation process began in September of 2010. The effectiveness of the process will be reviewed within 60-120 days and refined accordingly.