



PAYROLL DIVISION PROCEDURE

PROCEDURE PR-2:	Quarterly Payroll Tax Return Procedures
APPROVED:	Auditor-Controller-Treasurer-Tax Collector (ACTTC)
AUTHORITY:	Auditor-Controller-Treasurer-Tax Collector (ACTTC)
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I. PURPOSE

Each calendar Quarter, the Payroll Division of the County Auditor-Controller-Treasurer-Tax Collector (ACTTC), files payroll tax returns to the Internal Revenue Service (IRS), Form 941, and to the State of California's Employment Development Department (EDD), Form DE-9 (Tax Return) and DE-9c (Wage Report). The above identified quarterly returns are to be mailed or uploaded to the applicable entity by the end of the month following each calendar quarter.

This document describes the procedures and controls in place for preparing, remitting and verifying that payroll tax returns are completed timely and accurately. If you have any questions regarding how to interpret these guidelines, please call the Payroll Division Manager, at 565-6162 or the Assistant Auditor-Controller-Treasurer Tax Collector at 565-6124.

II. PROCEDURE

A. Quarterly Payroll Division Tax Return Procedures

1. Preparation of Quarterly Payroll Tax Returns

After the final payroll of the calendar quarter, report RPYEU is generated using the County payroll system (eP). The RPYEU report is compared to the payroll registers and bi-weekly payroll tax payments for the quarter. Discrepancies are identified, researched and reconciled.

Using the reconciled numbers, the Payroll Division prepares Federal Form 941.

The County is responsible for filing State payroll tax returns for three separate EDD accounts:

1. To report all wages subject to State Personal Income Tax (State Wages)
2. To report wages subject to Unemployment claims (State UI Wages) for all employees, except CDC employees
3. To report ONLY CDC employees' wages subject to Unemployment claims (State UI Wages), and wages subject to State Disability Insurance tax (State SDI Wages)

Using the reconciled numbers, ACTTC hand keys State totals into the DE-9 on the EDD's e-services website. A screen shot is captured and used as support during the review process.

Using the RPYEU's output in excel, Payroll Division formats and prepares three documents that will be uploaded to the EDD's e-services website. These load documents provide the above listed quarter's payroll information at the individual employee level. To ensure the accuracy of the reports the total of the excel document is compared and reconciled against the reconciled report numbers. Once loaded, these documents will create the DE-9c on the EDD's website.

2. Review of Quarterly Payroll Tax Returns

After completion of the initial preparation of the Federal and State payroll tax returns, all forms, screen shots and load documents are provided to the Payroll Manager for review and approval. The Payroll Manager reviews the prepared forms and the supporting documents for accuracy and completeness. After approval, the Payroll Manager's reviewed and initialed support is scanned and filed in the appropriate quarterly tax return folder.

3. Remittance of Quarterly Payroll Tax Returns

Once approved by the Payroll Manager, the 941 is mailed to the IRS (starting with the 4th Quarter 2016, the 941 returns will be sent using certified return receipt to provide the County with support of timely submission). Email confirmation of the mailing is sent to both the Assistant Auditor-Controller-Treasurer-Tax Collector and the Auditor-Controller-Treasurer-Tax Collector. The Payroll Dashboard on SharePoint is updated with the mailing date as well. The SharePoint document is available to ACTTC senior management at all times. Copies of all 941 returns are saved electronically in the appropriate quarterly tax return folders.

The load documents are uploaded to the EDD e-services website. The uploaded data creates the DE-9c. ACTTC confirms the total of the DE-9c matches the reconciled report numbers. Once the website total matches the reconciled report numbers, the DE-9c is submitted electronically. The confirmation page, including the confirmation number and the totals, are saved electronically in the appropriate quarterly tax return folder.

After submission of the DE-9c, the DE-9 total is compared and reconciled to the DE-9c total and submitted electronically. This double check after submission of the DE-9c is essential to ensure there are no hand keying errors. The confirmation page, including the confirmation number and the totals, are saved electronically in the payroll records folders.

Once all six quarterly State payroll tax returns have been submitted (3 DE-9 & 3 DE-9c) and confirmations received, email confirmation of the filing is sent to the Payroll Manager, Assistant Auditor-Controller-Treasurer-Tax Collector and the Auditor-Controller-Treasurer-Tax Collector. The Payroll Dashboard on SharePoint is updated with the submission date as well.

B. ACTTC Senior Management

The Assistant Auditor-Controller-Treasurer-Tax Collector directly supervising the Payroll Division has access to the Taxes folder in the Payroll Division's shared drive to review tax return data and support in addition for reviewing the Payroll Dashboard on SharePoint. The

ACTTC Executive team is aware of these time sensitive quarterly tax filings and also has a copy of the Payroll Divisions annual task list of important deadlines and filings in the Admin folder on the shared drive.

III. SUMMARY

The timely and accurate submission of payroll tax returns to the Federal and State taxing agencies is an essential part of the duties of the Payroll Division.

The procedures above contain several internal controls including review and approval of tax returns by a supervisor. Confirmation of receipt of tax filings is also another important control. As mentioned above, we have implemented mailing Federal Form 941s using certified return receipt tracking through the US Postal Service to prove timely filing and confirmation of receipt by the IRS. The County will be researching ways to electronically file our Federal 941s with the IRS to receive immediate confirmation of timely submittal.