

SECTION 130: GENERAL FEATURES

1. General Comments. The payroll accounting system of the State of Hawaii is designed around an exception procedure, since the monthly salary of most of the State's salaried employees remains unchanged from one pay period to another. Instead of processing a large amount of repetitive and unchanging data, only changes are needed to make the system's files current, and the overall processing time of the system is therefore considerably reduced.
2. Basic Control Information. The basic control number in the payroll accounting system is the employee's social security number and/or employee number. These control numbers are used to correlate the information reported on payroll documents to the respective employee's payroll record.
3. Payroll Number. The payroll number consists of two numeric digits and a departmental alpha prefix to identify the employing departments. This alpha code is the same code presently assigned as a part of the Uniform Accounting code.
4. Payroll Authorization.
  - (a) Payroll authorization refers to personnel action documents approved by an appointing authority (head of a department) or his authorized agent and, in most cases, certified by a certifying authority or his authorized agent.
  - (b) Payroll authorization documents are required by the Comptroller, to authorize the establishment of, subsequent change to, or termination of, payroll payments to employees.
5. Time Sheets. Non-salaried employees are employees regularly paid according to the amount of time furnished to employing departments and agencies. For these employees, the payroll authorization document establishes their eligibility to be paid and their rate of pay. For payroll payment purposes, the time furnished by non-salaried employees must be reported to the paying authority. Time sheets are also used to report certain types of premium pay as noted in paragraph 8(c).
6. Pay Period. The State of Hawaii payroll accounting system operates on a semi-monthly pay schedule in which pay day is the 15th and the last day of each month. If pay day falls on a holiday or weekend, pay day becomes the immediately preceding work day. (Example: If the 15th falls on a Saturday, the immediately preceding work day, Friday, would become pay day unless Friday is a holiday; then, the immediately preceding work day, Thursday, would become pay day.)

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7. Payroll Cycle. A payroll cycle is the time period required by the data processing center to update payroll records, compute pay, and print payroll warrants, reports, and registers for a pay period. This payroll cycle may extend beyond a particular pay period and is categorized into three sub-cycles: (1) file maintenance, (2) payment, and (3) report.
  
8. Types of Pay.
  - (a) Salary Pay includes pay for salaried employees who are employed and paid on a salaried or monthly basis (employees who are paid a set monthly amount regardless of the number of work days or hours in a month).
  
  - (b) Non-salary Pay includes pay for non-salaried employees who are employed and paid according to the amount of time furnished. Employees included in this category are, but are not limited to, the following:
    - (1) Employees regularly paid by the hour.
    - (2) Employees regularly paid by the day.
    - (3) Employees paid for each meeting or drill attended, etc.
  
  - (c) Premium Pay is pay in addition to a salaried or non-salaried employee's regular compensation; it is categorized into the following two groups:
    - (1) Types of premium pay that require the certification and approval of a certifying authority.
      - Hazardous duty premium
      - Firefighting differential
      - Sabbatical leave pay
      - Sabbatical leave differential
      - Overseas differential
      - Additional grant stipend
      - Perquisites (wages-in-kind)
      - Military pay
      - Military leave pay
      - 24-hour emergency psychiatric services pay

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- (2) Types of premium pay that do not require the certification and approval of a certifying authority.

Temporary assignment premium  
Ordinary overtime pay  
Holiday overtime pay  
Split shift differential  
Night shift differential  
Stand-by duty premium  
Emergency work pay  
Vacation pay in excess of maximum  
Payment in lieu of vacation upon termination

9. Pay Day.

- (a) Salaried Pay. Pay day for salaried employees is the last work day in the pay period in which pay is earned. (Example: Pay earned from January 1 to 15 is paid on January 15).
- (b) Non-salaried Pay:
- (1) Semi-monthly schedule. Pay day for non-salaried employees paid on a semi-monthly schedule is the last work day of the pay period following the period in which pay is earned. (Example: Pay earned from January 1 to 15 is paid on January 31.)
- (2) Monthly schedule. Pay day for non-salaried employees paid on a monthly schedule is the last work day of the first pay period following the month in which the pay is earned or the last work day of the second pay period following the month in which pay is earned. (Examples: Pay earned from July 1 to 31 is paid on August 15 or pay earned from July 16 to August 13 is paid on August 31.)
- (c) Premium Pay. Pay day for premium pay is the last work day of the pay period following the period in which premium pay is earned. (Example: Pay earned from January 1 to 15 is paid on January 31.)

SECTION 130: GENERAL FEATURES10. Computation of Pay.

(a) The methods used in computing pay for employees are as follows:

- (1) Whenever payment is made on a monthly, weekly, daily, or hourly basis, the amount of payment is determined based on paragraph (e), Section 77-13, Hawaii Revised Statutes, as amended, as supplemented by officially promulgated schedules that set forth annual, daily, and hourly rates as illustrated below:

Monthly Rate = Annual rate ÷ 12 months	\$6,396 ÷ 12 = \$533.00
Weekly Rate = Annual rate ÷ 52 weeks	\$6,396 ÷ 52 = \$123.00
Hourly Rate = Weekly rate ÷ 40 hours	\$ 123 ÷ 40 = \$ 3.08
Daily Rate = Hourly rate x 8 hours	\$ 3.08 x 8 = \$ 24.64

- (2) The amount paid to regular non-salaried employees is determined by multiplying the employee's corresponding rate of pay by the amount of time furnished.
- (3) The salary amount paid to regular salaried employees is determined by the following methods:
- If a salaried employee is entitled to compensation for all work days of the month and if his monthly salary is the same for all work days of that month, the amount to be paid each semi-monthly pay period is one-half ( $\frac{1}{2}$ ) his monthly salary.
  - If a salaried employee is entitled to compensation for only a portion of the work days of a pay period, or if his monthly salary is not the same for all work days of that period, the amount to be paid is determined by multiplying his statutory monthly rate by the number of days that he is actually entitled to compensation at that rate and dividing the result by the number of working days in the month.

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(b) The examples, based on the following payroll data of an employee, are presented below to illustrate how pay for salaried employees is computed.

(1) Pay Rate.

	<u>Current Pay</u>	<u>Increment or Promotion Pay</u>
Monthly Rate	\$533.00	\$556.00
Semi-monthly Rate	266.50	278.00
Daily Rate	24.64	25.68
Hourly Rate	3.08	3.21

(2) Schedule of work days: 8 hours a day, Monday through Friday.

(3) Example A - New Hire (Employee is hired on July 6, 1979.)

1st half pay:

Gross pay for July = 18/22 days x \$533 =	\$436.09
Less pay due 2nd half = 1/2 x \$533 =	<u>266.50</u>
Gross Pay - 1st half	<u>\$169.59</u>

2nd half:

Semi-monthly rate = 1/2 x \$533 =	<u>\$266.50</u>
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(4) Example B - Termination (Employee terminated his employment on July 26, 1979.)

1st half pay:

Semi-monthly rate = 1/2 x \$533 =	<u>\$266.50</u>
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2nd half pay:

Gross pay for July = 19/22 days x \$533 =	\$460.32
Less paid 1st half (above)	<u>266.50</u>
Gross Pay - 2nd half	<u>\$193.82</u>

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- (5) Example C - Leave Without Pay (Employee goes on LWOP on August 14, 1979 and returns on August 28, 1979.)

1st half pay:

9/23 days x \$533 = \$208.57

2nd half pay:

4/23 days x \$533 = \$ 92.70

- (6) Example D - Increment or Promotion (Employee earns an increment or promotion effective August 14, 1979.)

1st half pay:

9/23 days x \$533 = \$208.57

14/23 days x \$556 = 338.43

\$547.00

Less pay due 2nd half = 1/2 x \$556 = 278.00

Gross pay - 1st half \$269.00

2nd half pay:

Semi-monthly rate = 1/2 x \$556 = \$278.00

11. Payroll Deductions and Assignments. The amounts withheld from an employee's gross earnings to determine net pay are categorized into two classifications:

- (a) Statutory Deductions are deductions mandated by courts or required by Federal, State, or local laws. The withholding and cancellation of these deductions are not subject to the approval of the employee.
- (b) Voluntary Assignments are deductions authorized by the employee to authorized assignees. The withholding and cancellation of these assignments may only be effected upon the approval of the employee or his authorized agent and in some instances require the approval of the assignee. (Examples: Parking Fee, Hawaiian Home Lands, State Medical Plan, and Credit Unions.)

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