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Payroll Guidelines

Effective: October 12th, 2025

1. Objective

The objective of this Payroll Policy is to establish a clear understanding of payroll processing requirements and responsibilities. This policy applies to all payroll clients of **Level CPAs and Advisors, P.C.** (Level) using the ADP payroll format.

Payroll refers to the process of computing employee pay and ensuring compliance with all statutory laws and accounting requirements.

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2. Onboarding Process

- Each client engagement is for one calendar year.
- A new client questionnaire and initial interview must be completed.
- Prior payroll reports from former providers must be submitted to ensure proper year-end W-2 reporting.
- Establishing and/or acquiring SS4 form, EINs, State Tax IDs (TID), and UC-1s is not part of the payroll processing fee. Additional time required for establishing, obtaining, or fixing discrepancies will be billed separately.
- Employers are required to provide verification of correct Federal EIN and State TID.
- The onboarding process may take up to 15 business days depending on complexity.
- Employers will receive and must complete:
    - Engagement Letter, RAA, CAA, and POA (as needed).
    - Employee New Hire Packet (Level provides form I-9 as a courtesy. Employers are responsible for I-9 completion and recordkeeping.)
- New Hire packets will be emailed once to the employer and saved in client portal. Packets can also be picked up at the front desk.
- Employers are responsible for reviewing new hire documents for accuracy and legibility.

3. Payroll Submission & Reporting

- Payroll must be reported **no later than two days prior to the pay date**.
- Level is not responsible for contacting employers for unsubmitted payroll. Payroll not submitted at least two days prior to the agreed upon processing date are at risk of employees not getting paid on time.
- All payroll is delivered via **Direct Deposit**.
- Payroll taxes and wages are withdrawn via **ACH** from employer bank accounts. **Employers must ensure sufficient funds are available <u>at the time payroll is submitted to Level</u>.**
- <u>**New Hire Packets must be reviewed and submitted at least 4 business days before the pay date.**</u>
- Notify Level in writing of changes (legal name, EIN, banking, payroll frequency, employee pay, deductions, or contact information). **Employer banking information can take up to 5 business days to complete.**
- Deductions (retirement, insurance, garnishments, etc) must be documented on the employer-signed Deduction Authorization Form prior to any deductions being taken.

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4. Communication

- Level communicates only with the employer or designated payroll contact—not with employees.
- Employers have secure access to ADP and payroll reports.
- Employees can access their paystubs and personal details via the ADP app.

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5. Fees and Penalties

- **Duplicate documents** (W-2s, paystubs, 941s): $15 each.
- **Incorrect or incomplete submissions** requiring corrections: $25 per check.
- **Payroll audits** (workman's comp, etc.) start at $200. These are not included in your quarterly invoice fee.
- **Overdraft due to insufficient funds**: $150 fee. Repeated issues may require pre-funding up to 7 days in advance.

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7. Overtime & Tips Compliance

- **Overtime:** Employees covered by the Fair Labor Standards Act (FLSA) must be paid 1.5× their regular rate for hours worked over 40 per week.

- **Tips:** Employers must pay $2.13/hour in direct wages if tips bring earnings up to at least the federal minimum wage.

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8. Termination of Engagement

Either party may withdraw from the payroll engagement by providing **30 days' written notice**.

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9. Internal Procedures for Payroll Department

- Maintain route sheets and call-in sheets.
- Have all onboarding, new hire entries, and banking account changes reviewed by a second staff member.
- Notify payroll department of any client entity changes (EIN, legal name, banking).

Attachments

- Employee New Hire Packet
- Deduction Change Authorization Form
- Payroll Call-In Sheet (example)
- Power of Attorney (POA)