

## Business Services

---

### EXTERNAL PAYROLL AND FINANCE UPDATES

**DBUG MEETING: *October 17, 2024***

#### SCOE Business Services Hours

##### **Open for check pickup: 8:00AM – 4:30PM Monday through Friday**

- If checks need to be picked up outside of these hours, please schedule an appointment by emailing:
  - [Carend@scoe.org](mailto:Carend@scoe.org)
  - [Jliu@scoe.org](mailto:Jliu@scoe.org)
  - [Sgreenwood@scoe.org](mailto:Sgreenwood@scoe.org)
- Deposits can be dropped off 8:00AM – 5:00PM Monday through Friday. No appointment needed. Please make sure to sign in your deposits on the counter log and place them in the lockbox outside of Christy Arend's office on the wall when you enter Business Services.

#### Fraud

##### **60-day window for fraud reporting – bank policy**

- If a vendor or employee reaches out that they never received their check, if it has been more than 60 days there is a low chance of retrieving the funds

#### Payroll

##### **District IRS and Social Security Notices – please forward to Jing Liu and Christy Arend**

- Do not send IRS Lock in letters to SCOE. These are notices that require payroll to set a certain tax withholding for an employee. These need to stay with the payroll file at the LEA.
- See **below** example of language on a lock in letter

#### Retirement

##### **CalPERS Education Videos**

- [Link here](#)

##### **CalSTRS – ES372 Retirement System Election Form importance**

- [Link to form here](#)
- *Education Code 22509* requires that within 10 working days of hire, an employer must provide all employees who have the right to make this election with the information regarding election rights and must make available written information about the retirement systems to assist the employee in making an election.
- This form needs to be filled out for **each qualifying position**

- **FYI – Director of Human Resources is considered a Classified Position**
  - It is required that an ES372 be filled out for this position if the employee wishes to have CalSTRS as their retirement system
  - The form needs to specify this is a classified position and they need to elect CalSTRS
  - Please reach out to Alli Britton if you have any questions, [ABritton@scoe.org](mailto:ABritton@scoe.org)

### CALENDAR YEAR END REMINDERS:

#### **W2 Preparation:**

- Run the Pay31 W2 Errors report after each payroll and address errors now rather than later. There might be prior year payroll tax errors that cannot be corrected through payroll and will require manual edits to the W2. We will work with individual LEAs on these in January.
- When an incorrect Social Security Number is discovered, email [helpdesk@scoe.org](mailto:helpdesk@scoe.org), [carend@scoe.org](mailto:carend@scoe.org), and [jliu@scoe.org](mailto:jliu@scoe.org). **Do not** send copy of SSN through email
- Deceased employees – Social security and Medicare need to be reported on the W-2 if the deceased employee's final pay was paid in the same year as death
  - Deceased Employees Checklist [here](#)
- OASDI errors (OASDI wasn't deducted and should have been, or OASDI was deducted and shouldn't have been), requires special handling to correct. Best practice is to run and review the Pay03 by Person Type. This serves as a quick review of employees with OASDI deductions.
  - Generally, classified employees should have OASDI deducted (Unless the classified employee elected to remain in CalSTRS - must be a qualified position from hire, or if the classified employee is a CalPERS retiree)
  - Reminder - Certificated employees should have OASDI deducted if they are a non-member of CalSTRS
  - Please refer to the Retirement and Tax Setup sheet as a guide
    - [Link here](#)
- Remind employees to update their addresses if they have moved

#### **1099 Preparation:**

- Be mindful of the ABC test. Under the ABC test, a worker is considered to be an employee unless the employer can show all three conditions of the ABC test are met
  - A. Freedom from control over how to perform the services

- B. The worker performs work that is outside the usual course of the hirer's business
  - C. Independently established practitioner of the trade performed
- Foreign and California Nonresident vendors require special Frontline ERP setup and special payment and reporting. For detailed instructions, see the documentation of Foreign and CA Nonresident Alien Vendors on SCOE's website. [LINK HERE](#)
  - Deceased employee's final pay needs to be reported on form 1099 to the Estate or Next of Kin (If there is no estate for the deceased employee an affidavit can be filled out - up to \$5,000 net pay).  
[Affidavit to collect compensation of deceased \(up to \\$5,000.00 net\)](#)

### Frontline 1099 Flag and Form W-9

- In order for Frontline to issue a 1099, the vendor must be flagged for 1099.
  - This is done in the vendor set up **in Section 6-Payment Information**. In the 1099 field, flag the vendor "Yes" for 1099. When the 1099 field is set to "No", Frontline will not issue the vendor a 1099.
- Always set up a vendor in Frontline according to the Form W-9 they have provided you. If the Form W-9 is either incomplete or you know it is incorrect, reach out to the vendor and have them complete the most current Form W-9.

### Lock in Letter Language:

**NO EMPLOYER RESPONSE TO IRS REQUIRED**

**WHY WE ARE WRITING TO YOU**

Our records show your employee, named above, may not be entitled to claim exempt status or a certain withholding rate on Form W-4, Employee's Withholding Certificate. Therefore, your employee was selected for the Withholding Compliance Program. This is a "lock-in" letter outlining the withholding status (filing status) and withholding rate permitted for the employee.

**WHAT YOU NEED TO DO**

You must begin withholding income tax from this employee's wages based on the following withholding arrangement effective on the first pay period after Nov. 11, 2024:

Withholding status (filing status): SINGLE  
 Withholding rate: Form W-4, Step 2(C), Checkbox (higher withholding rate)

Annual withholding reductions (Form W-4 Step 3): \$0.00  
 Other income (Form W-4 Step 4(a)) \$0.00  
 Deductions (Form W-4 Step 4 (b)) \$0.00  
 Additional amount to withhold per paycheck (Form W-4 Step 4(c)):  
 \$0.00

**DON'T ADJUST WITHHOLDING PRIOR TO THE DATE SHOWN ABOVE**