

## Personnel Controls Manual

The purpose of this manual is to deal with personnel matters with financial implications that are not addressed specifically within the KICA *Financial Controls Manual*.

### EMPLOYEE PAYROLL

Payroll is prepared internally bi-weekly, processed through a third-party payroll system, and is generally paid via direct deposit. The payroll week runs from Sunday to Saturday.

To ensure accuracy, the payroll process involves multiple safeguards. Employees have access to view their timecards prior to them being approved by their department director. Company payroll files are prepared by accounting and human resources staff. Payroll files include, but are not limited to:

- Timecards for hourly & salaried employees
- Employee changes, new hires or terminations
- Payroll deductions
- Reimbursements &/or incentives

Payroll files require a dual sign-off by the Directors of Finance & Human Resources. In the absence of one of these directors, the Director of Operations and/or the COO may sign-off on payroll files.

KICA's third-party payroll service will process federal and state tax deposits and quarterly returns. The Director of Finance will review and reconcile the quarterly returns with the association's general ledger. The third-party payroll service will also prepare the annual W-2's and 1095's for employees.

KICA reserves the right to run a special off-cycle payroll, for the purpose of paying bonuses or extenuating circumstances to employees.



## EMPLOYEE COMPENSATION

The KICA Human Resources Committee is responsible for recommending changes to the KICA board, related to KICA's Compensation Philosophy. The Compensation Philosophy is included within KICA's *Employee Handbook*.

Every three (3) years, KICA will conduct a compensation study for KICA's COO and department directors, utilizing a third-party consultant. Other specific positions may be included at the recommendation of the Director of HR and/or the Human Resources Committee. The Human Resources Committee is responsible for the oversight and review of this process. The third-party consultant selection will be a competitive bidding process and must be independent from any relationship to board members, committee members, employees, or other KICA relationship, such as the health benefits broker.

After review & discussion of the compensation study with the third-party consultant, the Human Resources Committee will make a recommendation to the KICA board, related to the COO's salary. Recommendations for the department directors will be discussed directly with the COO. Increases in salary will be included within KICA's annual budget process.

Except for the COO's pay increase detailed above, all other pay increases within the company must obtain 2 levels of approval. For the COO's direct reports, this means pay increases must be reviewed by the KICA board Chair.

Non-director level pay will be periodically reviewed in comparison to the local job market for like positions and company-wide or specific position adjustments may be made to remain market competitive.

Periodically, the Human Resources Committee may be asked to review & provide input to the Director of Human Resources, related to KICA's overall salary grade and range structure.



## EMPLOYEE 401K PROGRAM

KICA provides a safe harbor 401K program, which employees may participate in after one year of service. KICA's 401K program includes third-party services for the following, in order to limit KICA liability:

- Plan Administrator
- Investment Manager
- Directed Custodian/Trustee

Through KICA's third-party plan administrator, employees have direct access to their investments and may make direct changes to their plans.

KICA's responsibilities include:

- Providing enrollment documents at eligibility
- Providing accurate & timely information on employee to plan administrator
- Ensuring employee deductions are properly administered
- Overseeing plan administrator & investment manager
- Maintaining fiduciary liability insurance of, at least, \$2 million.
- Maintaining a fiduciary bond of, at least, \$1 million. (Bond requirement is \$500K or 10% of value – whichever is less.)

KICA has 3 authorized signers for the 401K program:

- COO
- Director of Finance
- Director of Human Resources

Annually, the authorized signers will meet with the Plan Administrator and Investment Manager to review the 401K program, participation rates and any potential improvements to the plan.

As this involves the oversight of employee assets, the authorized signers have decision making authority as to third-party services. The KICA Treasurer may request to review information on the 401K program, at any time, to ensure KICA's responsibilities are being met.

Competitive bidding for KICA's 401K administrator will follow Chapter 7 in the FCM.



## **EMPLOYEE INSURANCE (HEALTH, DISABILITY, AND LIFE)**

The Director of Human Resources will take the lead in managing the renewal process of the health insurance contract for employees, assisted by the Director of Finance and COO. They will work with KICA's broker to evaluate carrier options and coverage levels. KICA's health insurance contract renews annually on January 1. As this is KICA's largest annual contract, over \$500k, additional review of this contract and board approval is required.

The KICA Finance Committee will be kept informed about health insurance renewals, during their annual budget review. As requested by the Treasurer or the Director of Finance, members of the committee may be asked to be involved in the specific review of health care options and the financial implications.

If changes to KICA's benefit package and/or a change in employer/employee contributions are being considered, then the KICA Human Resources Committee will be notified and consulted about these potential impacts to employees and make recommendations as to how to mitigate these impacts.

During the board's annual budget approval process, the health insurance contract will be specifically called-out for review. Due to timing constraints for open enrollment, KICA's board may approve the benefits portion of the budget prior to the final approval of the full budget.

Competitive bidding for KICA's broker contract will follow Chapter 7 in the FCM.

**Approved by the KICA Board on \_\_\_\_\_.**

