

 HAWAII HEALTH SYSTEMS CORPORATION <i>"Touching Lives Everyday"</i> Policies and Procedures	Department: Corporate Finance	Policy No.: FIN 0012
		Revision No.: NA
Subject: Payroll Funding	Issued by: Kelley Roberson COO & CFO	Effective Date: August 21, 2008
	Approved by:  HHSC Board of Directors By: Raymond Ono Its: Secretary/Treasurer	Supersedes Policy: NA Page: 1 of 2

- I. **PURPOSE:** To ensure that funds for payroll are transferred from the facilities account to the Department of Accounting and General Services (DAGS) account or to the account of another payroll processing entity should another payroll processing entity be established either system wide or by an individual facility or region, in a timely manner to assure paychecks are processed and delivered on time for all employees each pay period.

- II. **STATEMENT OF POLICY:** Payroll (salary/wages and benefits) is the highest funding priority for all facilities and regions. Each Region is individually and solely responsible for the timely and adequate funding of payroll for each payday. Regions shall be allowed but not required to loan funds to another region or regions to assure timely funding and processing of paychecks for the region seeking the loan. The Hawaii Health Systems Corporation President & CEO, with input from Regional CEOs, shall establish procedures to assure any failure to fund payroll by an individual region shall affect the timely processing of paychecks only for that region.

- III. **IMPLEMENTATION OF POLICY:** The Hawaii Health Systems Corporate President & CEO shall establish and maintain procedures for the timely funding and processing of paychecks for HHSC employees.
 - A. Until system/s and procedures have been established to process paychecks separately from the Department of Administration and General Services (DAGS), the President & CEO, with input from Regional CEOs, shall establish and maintain procedures to assure the timely delivery or transfer of funds to DAGS in advance of each payday, to assure timely processing of paychecks.
 1. The Hawaii Health Systems Corporation President & CEO, with input from Regional CEOs, shall establish procedures for the transfer of cash to a designated corporate account several days in advance of each pay period and for the further transfer of funds to DAGS to assure timely delivery of paychecks.
 2. Procedures will include instructions and requirements for the emergent transfer of funds to the Corporate office account in order to fund payroll deficits discovered during final payroll calculations.

3. Procedures will include the clear stratification of payroll lists by facility so that DAGS will be able to separate paychecks for any facility or regions for which adequate funds have not been provided to enable the withholding of paychecks for employees of facilities or regions that have not provided adequate funding for the pay period.
 4. Procedures will include a process for timely notification to DAGS when a region is unable to make a timely transfer of funds for a pay period.
 5. Procedures will include a process for individual regions to seek loans from the Governor if the region does not have adequate funds for payroll for a pay period and other regions are unable or unwilling to loan funds to cover the payroll shortfall.
- B.** An alternate pay system or systems may be established for individual facilities or regions or for the system, in accordance with collective bargaining agreements and civil service laws and other applicable laws.
1. The Hawaii Health Systems Corporation President & CEO, with input from Regional CEOs, shall establish procedures for transfer of cash to a designated corporate account several days in advance of each pay period and for the further transfer of funds to a payroll processing company or entity to assure the timely delivery of paychecks.
 2. Procedures will include instructions and requirements for the emergent transfer of funds to the Corporate office account to fund payroll deficits discovered during final payroll calculations.
 3. Procedures will include the clear stratification of payroll lists by facility so that the payroll processing company or entity will be able to separate paychecks for any facility or regions for which adequate funds have not been provided to enable withholding of paychecks for employees of facilities or regions that have not provided adequate funding for the pay period.
 4. Procedures will include a process for the timely notification to the payroll processing company when a region is unable to make a timely transfer of funds for a pay period.
 5. Procedures will include a process for individual regions to seek loans from the Governor if a region does not have adequate funds for payroll for a pay period and the other regions are unable or unwilling to loan funds to cover the payroll shortfall.

IV. APPLICABILITY: All HHSC regions and facilities and all HHSC Corporate staff.

V. REFERENCE: HRS Chapter 323F