

# **PAYROLL**



**2023 Fall Auditors Conference  
State Board of Accounts**

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## **CONTRACTOR VS. EMPLOYEE**

**PAYROLL FORMS**

**COMPENSATION**

**TIME RECORDS**

**LEAVE & COMP TIME POLICIES**

**ELECTION PAYROLL**



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## CONTRACTOR VS. EMPLOYEE

An independent contractor is a person who provides specific services and contracts with one or more entities to provide those services as a non-employee. Examples: Attorneys, Doctors, Accountants, Construction Contractors.

An employee is a person hired by an employer to do a specific job.

The distinction becomes important

- Reporting Compensation -W-2 versus 1099
- Who is covered by employment and labor laws
- Payment of employment taxes and benefits



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## REPORTING WAGES

- W-2 is used to report wages for employees
  - Elected officials
  - Board Members
  - Other County Employees
- 1099 is used to report compensation for independent contractors
  - Contracted Service Providers such as contractors, consultants, engineers, attorneys
- County must make the determination between employee and independent contractor



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# PAYROLL FORMS

- Form 99 – Payroll Schedule and Voucher
- Form 99A – Employee’s Service Record
- Form 99B – Employee’s Earnings Record
- Form 99C – Employee’s Weekly (Work Period) Earnings Record  
Federal Wage and hour Requirements



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Prescribed by State Board of Accounts General Payroll Form No. 99 (REV. 1993)

### PAYROLL SCHEDULE AND VOUCHER

NOTE: Total hours or days to be paid shall equal the days or hours worked plus authorized leave to which an employee might be entitled by law and under the leave policies established

Office, Board, Department or Institution: \_\_\_\_\_ Page \_\_\_\_\_ of \_\_\_\_\_ Pages

or Period Beginning \_\_\_\_\_, 19\_\_ and Ending \_\_\_\_\_, 19\_\_ Fund \_\_\_\_\_

NAME OF EMPLOYEE	Approp. No. or Class	Title	DAYS OR HOURS IN PERIOD								Total Days or Hours To Be Paid	Rate of Pay	Gross Pay	Total	DEDUCTIONS						Amount	Warrant Number						
			Noncash	Sick Leave	Vacation Leave	Lost Days	Other Leave	Fed. W/H Tax	Social Security Tax	Medicare Tax					State W/H Tax	County W/H Tax	Insurance	Retirement										
			Benefits	Worked			Days	Hours									Amount	Amount										
1.																												
2.																												
3.																												
4.																												
5.																												
6.																												
7.																												

SAMPLE

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STATE OF INDIANA, Dated \_\_\_\_\_ COUNTY, 19\_\_\_\_

Warrant No. \_\_\_\_\_ to \_\_\_\_\_ (Inclusive)

Appropriation of \_\_\_\_\_ Account Title \_\_\_\_\_ Approp. or \_\_\_\_\_ Acct. No. \_\_\_\_\_ Amount \_\_\_\_\_

PAYROLL OF \_\_\_\_\_ (Office, Board, Department or Institution)

\_\_\_\_\_ (Fund)

Total Gross Pay \$ \_\_\_\_\_ DEDUCTIONS \$ **SAMPLE**

Federal W/H Tax \$ \_\_\_\_\_ Social Security Tax \_\_\_\_\_ Medicare Tax \_\_\_\_\_ State W/H Tax \_\_\_\_\_ CAGIT \_\_\_\_\_ Insurance \_\_\_\_\_ Retirement \_\_\_\_\_

Net Amount of Warrants \$ \_\_\_\_\_

Allowed \_\_\_\_\_ Total Gross Pay \_\_\_\_\_ FILED

In the Sum of \$ \_\_\_\_\_

I, \_\_\_\_\_ (Signature) \_\_\_\_\_ Name \_\_\_\_\_ (Official Title) \_\_\_\_\_ of \_\_\_\_\_ I have examined the within claim and hereby certify as follows: This is in proper form. That it is duly authenticated as required by law.

Title \_\_\_\_\_ Agency \_\_\_\_\_ contract. That it is based upon \_\_\_\_\_ statutory authority. \_\_\_\_\_ correct. That it is apparently \_\_\_\_\_ services for which the salaries or compensation is paid; that incorrect. to the best of my knowledge and belief no part of the salary or compensation or any employee listed hereon is Disbursing Officer being divided or paid to any person on account of or by reason of his employment; that the compensation listed opposite the name of each employee is based upon either statutory or regulatory authority and is justly due each such employee; that the deductions have been authorized for the purpose stated: that this payroll totalling \$ \_\_\_\_\_ is correct and has by me been \_\_\_\_\_

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Prescribed by the State Board of Accounts General Payroll Form No. 99A (Rev. 1985)

(Unit) \_\_\_\_\_

**EMPLOYEE'S SERVICE RECORD** YEAR \_\_\_\_\_

REMARKS Workweek Begins: Hour of Day _____ ; Day of Week _____	NAME AS ON SOCIAL SECURITY CARD (Mr., Mrs., Miss) _____	EMPLOYEE NUMBER _____
Basis of Pay: (Hr., Day, Week, Bi-Weekly, Month) _____	ADDRESS _____	ZIP CODE _____
Date of Birth: _____	SOC. SEC. NO. _____	CLASSIFICATION _____
Normal Work Schedule * _____	OFFICE, BOARD OR DEPT. _____	BEGIN. DATE EMPL. _____ LEAVE ACCRUAL DATE _____

	REGULAR VACATION LEAVE											SICK LEAVE			OTHER LEAVE																							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	EARNED	TAKEN	BALANCE	EARNED	TAKEN	BALANCE	TAKEN
BALANCE BROUGHT FORWARD FROM LAST YEAR																																						
JAN.																																						
FEB.																																						
MAR.																																						
APR.																																						
MAY																																						
JUNE																																						
JULY																																						
AUG.																																						
SEPT.																																						
OCT.																																						
NOV.																																						
DEC.																																						

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## COMPENSATION

- Compensation is anything of value provided to an employee in return for services/employment
- Salary/wages, any financial benefit the employer provides to the employee, health insurance, pension, paid time off, bonuses, fringe benefits or non-monetary awards.
- Reimbursement of employee expenses is not considered compensation
  - Travel costs such as air fare, mileage, hotel costs and meals while in travel status
  - Parking
  - Reimbursement for goods and services purchased for the County
  - Uniform costs that are not considered adaptable for general use
- The source of compensation does not determine if an individual is an employee or an independent contractor. Additional duties assigned and paid from a grant or special revenue fund can be possible.



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## FRINGE BENEFITS

- We can try to clarify issues for you, but you will need to contact the IRS for authoritative guidance
- IRS Fringe Benefit Guide: <https://www.irs.gov/pub/irs-pdf/p5137.pdf>
- Compensation: All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. Accounting and Uniform Compliance Guidelines, Chapter 1



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## **SALARY ORDINANCE**

- IC 36-2-5-3 provides that the county fiscal body shall fix the compensation of officers, deputies and employees, fix the number of officers, deputies and employees, describe and classify positions and services, and adopt schedules of compensation
- IC 36-2-5-11 provides that the salary ordinance is a separate ordinance from the budget and takes into consideration the statements and recommendations of the county executive that were presented to the commissioners by July 2 under IC 36-2-5-4 (Form 144)
- The salary ordinance fixes the compensation of all officers, deputies and other employees subject to this chapter and number of deputies and other employees for each office, department, commission or agency, except for part-time and hourly employee whose employment is limited only by the amount of funds appropriated for their compensation.



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## **CHANGE IN COMPENSATION**

- IC 36-2-5-13 provides for changes to the compensation.
- Compensation does not include (1) payment of an insurance premium (2) payments for longevity, professional certification, or educational advancement that are separately identified on a salary ordinance or resolution (3) payment of a stipend or per diem allowed by statute.
- Professional certification or education advancements
  - Assessors – certification (IC 36-2-5-3.5)
  - Surveyors – registered under IC 25-21.5 or IC 25-31
  - Coroner – licensed to practice medicine
  - Sheriff – Contract/Percentage of Prosecutor’s Pay (IC 36-2-5-14)



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## COMPENSATION FROM OTHER FUNDS

- Payroll claims can be allocated to more than one fund.
- Record of hours worked for regular duties and special duties should be kept to support payroll
- An employee should not be paid for the same hour for separate duties
- Grant funds have compliance requirements and documentation requirements that must be met
- Working for separate departments is possible, but hours must be maintained for each department



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## WAGES MAY NOT BE PAID IN ADVANCE

- IC 36-2-8-6 states: “ A county officer or a deputy or employee of a county officer is entitled to payment for services only after the officer, deputy or employee has rendered those services.”
- IC 5-7-3-1 states: “ Public officers may not draw or receive their salaries in advance.”
- Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual states: “Compensation and any other payments for goods and services must not be paid in advance of receipts of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee”



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## TIME RECORDS

- IC 5-11-9-4 provides that records be maintained showing which hours were worked each day by officers and employees of the county.
- Where should time records be maintained?
  - As long as the files can be provided for audit, it does not matter if they are maintained by the department or the auditor.



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## RECORD OF HOURS WORKED

- The federal Fair Labor Standards Act (FSLA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. Accounting and Uniform Compliance Guidelines Manual, Chapter 1
- Elected officials do not need to track their time worked.
- Workers who hold more than one position must log their hours separately
- Exempt and non-exempt employees do need to track their days worked and their paid time off



- Form 99 Payroll Schedule
- Form 99A Employee Service Record

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## TIME SHEETS

- Time sheets or timecards are not prescribed forms, however, all county employees, except for elected officials, are required to track hours worked.
- Local form, should include hours worked for each day within a pay period
- Not the same as the earnings record or weekly earnings record.



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## TIME CLOCKS/TIME KEEPING SYSTEM

- We do not prescribe time keeping systems or require the use of a time clock.
- How time is maintained would be a local policy, we would audit to the local policy.
- The Departments, County Auditor, and Commissioners would need to work together to implement a county wide policy.



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## ELECTED OFFICIALS

- An elected officer is not required to report hours worked and may not be compensated on the number of hours worked.
- The compensation of an elected official may not be changed in the year for which it is fixed. The county council may change the compensation of other county officers, deputies and employees by a majority vote.



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## LEAVE AND COMP TIME POLICIES

- IC 5-10-6-1 (b) states: “Employees of the political subdivisions of the state may be granted a vacation with pay, sick leave, paid holidays, and other similar benefits by ordinance of the legislative body of a county, city, town, township, or controlling board of a municipally owned utility, board of directors or regents of a cemetery, or board of trustees of any library district.”
- The county must adopt a policy regarding leave time rules and other benefits, SBOA will audit compliance with the adopted local policy.



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## LEAVE AND COMP TIME POLICIES (CONT.)

- IC 36-2-8-2 “The county auditor and county treasurer may pay salaries and wages to county officers and employees monthly, twice each month, every two(2) weeks, or weekly.”
- Chapter 1 of the Accounting and Uniform Compliance Guidelines for County Auditors states: “ All types of employee benefits must be detailed in a written policy. Payments for expenses not authorized in a written policy cannot be allowed. The governing body must adopt policies governing sick leave, vacation leave, and any other types of paid leave.”
- Also, from Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual: “Each unit must adopt a written policy regarding the accrual and use of leave time and compensatory time and the payment of overtime. Negotiated written contracts approved by the governing board would be considered as written policy. The policy must conform to the requirements of all state and federal regulatory agencies.”



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## ELECTION PAYROLL

- Election Workers – specialized group of individuals hired by a county to perform services in connection with elections.
- Special Consideration for Election Workers
  - No need for election workers to be onboarded or need to attend new worker training
  - No need to be trained on internal controls
  - Training by Election Board on election duties would be required.



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## ELECTION WORKERS

- Absentee Voting
  - Voter Board Member (IC 3-11-10-38)
  - Absentee Ballot Counter and Absentee Courier (IC 3-11.5-7-2)
- Election Day
  - Inspector, Poll Judge, Poll Clerk, Poll Assistant Clerk, Poll Sheriff (IC 3-6-6-25)
  - Vote Center Worker
  - Independent Contractors of the Election Board per Statute



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## COUNTY ELECTION BOARD

- Compensation is determined by the County Council
  - IC 3-6-5-9
- Election Board sets reasonable rate of compensation for Canvass Clerical Assistant and Write-In Counting Team
  - IC 3-12-4-5
- Provisional Ballot Counter receives a per diem set by the County fiscal body
  - IC 3-11.7-3-7



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## WHO IS WORKING?

- County Employees that work on election day – included on payroll claim
  - County Clerk
  - County Clerk Deputies – must log hours worked
  - Other County Employees – must log hours worked
- Election Workers
  - Poll Workers – on day of primary and election day
  - Election Workers – work for multiple days up to and after election
  - Payment of Workers
    - Over threshold, pay through payroll
    - Under threshold, pay through claim (Form 17)




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## REPORTING REQUIREMENTS

- Election wages don't have federal income withholdings
- No reporting requirements
  - Only works the election and makes less than \$600 for the year (can be paid by claim)
- W-2 Required
  - Only works the election and makes more than \$600 for the year (paid through payroll)
- Over threshold amount set by the Federal Government, the employer must pay the Social Security and Medicare match on all earnings of the election worker. Below that threshold no matching payments are required.



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Do you have enough poll workers?

Do you hear complaints about the process?

**THINGS TO THINK ABOUT**

What could you do to make the process better/easier?



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**Contact Us**

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