

CHAPTER III

SECTION III-G-2

GUIDELINE NO. 2 - PAYROLL PROCESS

The payroll process implements management policies and procedures to properly compensate employees for services rendered. State and federal government laws and regulations impact the process and dictate some procedural practices.

Personnel Decisions

The personnel department of each school district should be responsible for the determination of the individuals to be included on the payroll of the district. The personnel department should inform employees of mandatory benefits, available optional benefits, and other paid or non-paid benefits. The personnel department then communicates the employee's choices regarding these compensation issues to the payroll department. The personnel department should also communicate any changes in employee benefit programs to the employees and to the payroll department. Management procedures need to ensure that the responsibility for personnel assignments are clearly delineated to ensure appropriate duty and financial accountability.

Payroll Database

The payroll process requires many periodic updates to the information database that ensures an accurate and reliable production of pay instruments. These periodic changes may occur randomly or on a regularly scheduled basis, such as a day, week, month or year. In many instances, governmental regulation or contract terms determine when changes in the database will occur. Employee options also effect changes. The following database items need to be considered:

- * Demographic Data: Information to identify the employee as a unique individual including name, address, social security number, withholding exemptions, marital status, etc.

- * Hours of Work: The normal work schedule which is related to the payroll department on a timesheet declaration from the employee, or is understood by professional contract.
- * Overtime Work: Hours worked beyond the normal work schedule.
- * Payroll Period: The frequency at which employees provide services and are paid. (In school districts, usually monthly.)
- * Paydate: The regularly identified date on which employees are paid.
- * Salary Schedule(s): The documents that determine the periodic pay rates for individuals.
- * Paid and Unpaid Leaves: The policy or procedures that determine which leaves of absence are paid or unpaid.
- * Unemployment Compensation: The unemployment benefit program administered by the Department of Employee Security. The district may participate in a tax rate basis or reimbursement rate basis of replenishing the fund. The reimbursement rate basis may be self-administered or administered through a cooperative arrangement with other school districts or the local ESD.
- * Optional Benefits and Deductions: The district sponsored benefits to which the district may or may not contribute including health insurance, life insurance, disability insurance, annuity, United Way, credit union, deferred compensation, etc.
- * Social Security: The federal government sponsored program of pensions and disability income to qualified individuals supported by payroll taxes.
- * Retirement Systems: The state government sponsored retirement systems supported by payroll deductions and contributions by the district.
- * Workers' Compensation Insurance: The state government sponsored program of pensions, disability income, and/or medical expenses for qualified individuals who have sustained injuries on the work site as a result of performing duties for the district. The program is administered by the Department of Labor and Industries and the district may be self-administered or a member of a cooperative arrangement to administer claims.

Time and Effort Records

Time and effort records are employee generated time records reporting the employees' effort in support of the federal grant(s) and other assignments. These records are required by the federal government's Office of Management and Budget. (For additional information regarding time and effort reporting, see Appendix E - Office of Management and Budget Circulars for a copy of OMB Circular A-87 and Appendix C - OSPI Bulletins and Information for OSPI guidelines.)

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