

Payroll

Frequently Asked questions

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Outline – Payroll FAQs

Delayed payroll

Prorated payments

Fringe Benefits

CSF – Teacher Compensation
Increases

FAQ #1

Are school districts required to establish a delayed payroll system?

- a) [Yes](#)
- b) [No](#)

Districts should establish a delayed payroll system

USFR Page VI-H-1

Allows time for necessary payroll procedures to take place

Allows for adjustments to be made before payment

Helps ensure hourly employees are only paid for wages earned

Without a delayed payroll system...

Hourly employees will have to estimate hours worked

Hourly employees may be paid for hours not worked

No incentive for terminating employees to return keys or other district property

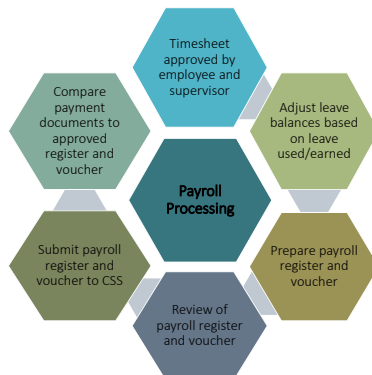
How much "lag time" should be established?

A.R.S.
§23-351

Allows "lag time" of up to 2 weeks

Use as much time as needed to complete all steps of the payroll process

What needs to happen during the delayed period?



Delayed Payroll Calendar Example

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3	4	5	6 End of pay period Timesheet signed and submitted	7
8	9 Timesheets reviewed by supervisor	10 Adjustments to leave/pay completed	11 Payroll register prepared	12 Payroll register reviewed and approved	13 Payroll voucher prepared & submitted to Board	14
15	16 Payroll register & voucher submitted to CSS	17	18	19 Compare payee documents to register/voucher	20 End of pay period Release payments Timesheet signed and submitted	21
22	23	24	25	26	27	28
29	30	31				

FAQ #2

Can an hourly employee's pay be prorated so that equal payments are made each pay period over the school year?

[Yes](#)

[No](#)

A.R.S. §23-351 & AG Opinion I04-007

All school district employees may elect to have wages paid over actual months worked or prorated in any number of payments

The election must be made before any work is performed, and cannot be changed after work has begun

Employee personnel/payroll action forms should document the employee's choice

Specify if compensation due at the end of the fiscal year is paid in a lump sum or within 2 months after the end of the fiscal year

Important Controls for Prorating Pay for Hourly Employees

Review Timesheets

- Compare hours worked to expected hours (based on original prorating calculation)
- Determine adjustments to leave balances or compensation needed for deficit/excess hours worked

Make Adjustments

- District policies should specify how/when adjustments will be applied
- All adjustments based on the employee's official hourly rate of pay

Ensure Accurate Pay

- Ensure compliance with overtime requirements if necessary (A.R.S. §23-351)

Example – Prorating Wages:

Hours per 2 week pay period	Hourly Rate	Amount per Pay Period	Number of Pay Periods worked	Estimated Annual Total	Prorated Election Pay Periods	Prorated Amount per Pay Period	Prorated Hourly Rate
60	\$12.00	\$720.00	20	\$14,400	26	\$553.85	\$9.23

One-time Adjustment Calculations

Pay Period	Actual Hours Worked	Prorated Amount per Pay Period	Adjustment Hours	Adjustment Rate	Adjustment Amount	Total Pay in Adjusted Pay Period	New Estimated Annual Total
10	54	\$553.85	-6				
15	70	\$553.85	10				

Prorating Pay for Contract Employees

Changes	Options	Requirements
<ul style="list-style-type: none"> USFR no longer states: For salaried employees, prorated compensation payments should be allocated to the pay periods the employee actually worked. 	<ul style="list-style-type: none"> Word contracts to make 26 equal payments Word contracts to prevent prepayment in in first pay period <ul style="list-style-type: none"> First pay = actual 25 equal payments 	<ul style="list-style-type: none"> Elections to prorate made before work performed Delayed payroll system Seek recourse if overpaid due to breach of contract

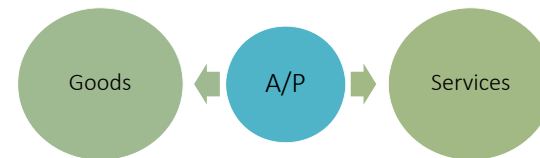
Prorating Pay for Contract Employees

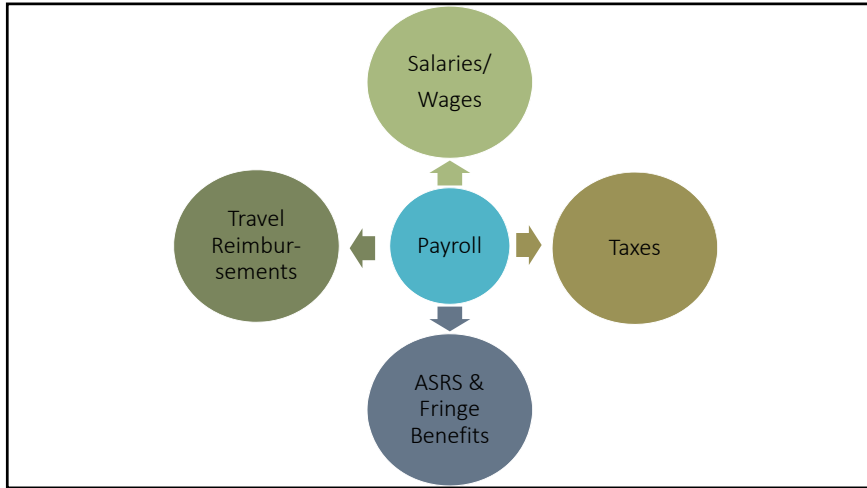
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

FAQ #3

If a district has a board-adopted policy or a provision in an employee's contract for college tuition reimbursements, should the reimbursements be paid through the accounts payable system or payroll system?

- a) [Accounts payable](#)
- b) [Payroll](#)





Fringe Benefits

- Amounts paid to, or on behalf of, employees and are part of the cost of personal services
- Must be approved by the governing board
- Must be included in gross income
- Taxable and Non-taxable
- Tuition reimbursement is typically non-taxable

IRS Employer's Tax Guide to Fringe Benefits (Publication 15-B)

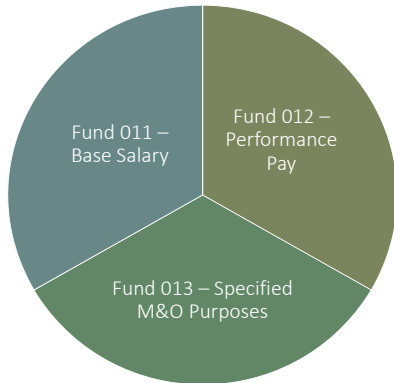
Taxable Fringe Benefits	Non-taxable Fringe Benefits
Educational Assistance (over \$5,250/year)	Educational Assistance (under \$5,250/year)
Long-term care health benefits	Accident and Health Benefits
Lodging on business premises (not a condition of employment)	Lodging on business premises (when a condition of employment)

FAQ #4

Who qualifies for Classroom Site Fund (CSF) teacher compensation increases?

- a) [Classroom teachers](#)
- b) [Administrators](#)
- c) [Librarian](#)

CSF Fund Uses



Fund 011 – Base Salary

- 20 percent
- Teacher base salary increases
- Employment related expenses
- Registered warrant expenses

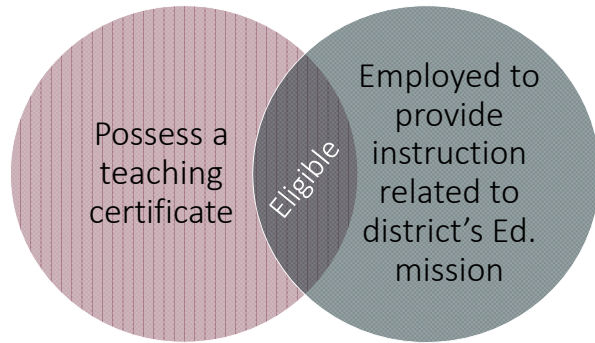
Fund 012 – Performance Pay

- 40 percent
- Performance-based teacher compensation increases
- Employment related expenses
- Registered warrant expenses

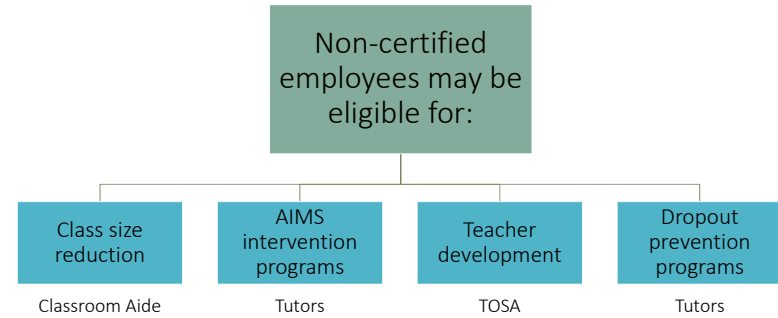
Fund 013 – Specified M&O Purposes

- 40 percent
- M&O purposes:
 - Class size reduction
 - AIMS intervention
 - Dropout prevention
 - Teacher compensation increases
 - Teacher development
 - Teacher liability insurance premiums
 - Registered warrant expenses

Definition of a teacher



Fund 013



Questions



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