



25.20 Payroll Accounting Requirements

25.20.10

June 1, 2006

Payroll revolving account and other accounts used for payroll activities

Agencies use various types of accounts to record payroll activities.

25.20.10.a

Treasury Payroll Revolving Account

The treasury payroll revolving account is the State Payroll Revolving Account (035). Agencies make all payroll related payments from this account by a single warrant, electronic funds transfer, or journal voucher whenever possible.

Account 035 is used for payroll disbursements by agencies using Department of Personnel's Human Resource Management System (HRMS). Use of this account is optional for other agencies.

The following procedures are used for transfers and deposits of money to Account 035:

- Agencies authenticate payroll data in the HRMS system and *certify payroll registers* for dollar amounts.
- HRISD provides journal vouchers and warrant registers indicating the accounts properly chargeable with the payroll expenditures/expenses. HRISD then certifies these amounts to the Office of the State Treasurer (OST).
- OST transfers money from agency treasury or treasury trust accounts to Account 035 for payroll disbursements chargeable to those accounts or agencies deposit sufficient money with OST in Account 035 to provide for payroll disbursements chargeable to local accounts.
- All transfers or deposits are due at least *one day before* the scheduled payroll disbursements.
- If agencies fail to transfer or deposit money on time, they will be required to deposit money in advance of payroll preparation.

- OST redeposits amounts for canceled warrants back to Account 035 where the original disbursements were made. Agencies then complete the disposition of these amounts. The returned amounts are either reissued from Account 035 or transferred back to the accounts originally charged with the payroll expenditures/expenses. Refer to Subsection 85.38.50 for procedures regarding warrants canceled by OST after being outstanding 180 days.

25.20.10.b

Other Accounts

Use of the following accounts is optional:

1. **College Clearing Account 790**

Users of the Payroll Personnel Management System maintained by CIS use Account 790 for payroll disbursements.

2. **Other Agencies with Unique Payroll Systems**

Agencies with their own payroll systems may utilize other accounts as either allowed by law or with OFM approval.

25.20.10.c

Reconciliations

Agencies' records are to accurately show all payroll transactions (and cash or fund balances), regardless of the account(s) used. Refer to Subsection 85.34.10 for accounting entries and reconciliation requirements.

25.20.20

June 1, 2006

Required payroll records and reports

The following list shows the records required for payroll accounting. (Equivalent records by another name are acceptable alternatives.) Refer to state and internal agency policies for applicable record retention requirements.

The general record retention schedule for state agencies can be found at: <http://www.secstate.wa.gov/archives/gs.aspx#state>.

IRS also has records and retention requirements. Refer to Publications 15 (Circular E, Employer's Tax Guide) and 15A (Employer's Supplemental Tax Guide) for the appropriate tax year on record keeping requirements.

| NAME OR TYPE OF RECORD | PURPOSE OF RECORD | CONTENTS OF RECORD |
|--|---|--|
| <p>PAYROLL REGISTER (HRMS: Payroll Journal)</p> | <p>A record produced each pay period showing all employees paid.</p> | <ul style="list-style-type: none"> • Warrant or ACH (automated clearing house) number • Employee Names • Detail of Earnings • Deductions/Allowances/Reimbursements • Net Pay |
| <p>WARRANT REGISTER (HRMS: Warrant/ACH Register Summary)</p> | <p>A listing of employees and other payroll costs paid by warrant.</p> | <ul style="list-style-type: none"> • Warrant number • Employee names • Vendor names • Net pay or vendor amount • Account Charged |
| <p>DIRECT DEPOSIT RECORD (ACH REGISTER) (HRMS: Warrant/ACH Register & Summary)</p> | <p>A listing of employees and other payroll costs paid by direct deposit.</p> | <ul style="list-style-type: none"> • ACH number/banking institution • Employee names • Vendor names • Net pay or vendor amount • Account Charged |
| <p>REGISTERS INDICATING EMPLOYEE DEDUCTIONS AND EMPLOYER'S SHARE OF TAXES, INSURANCE, AND RETIREMENT (HRMS: Accrued and Mandatory Payroll Deduction Report)</p> | <p>Detailed records produced for each pay period for each employee deduction and state share cost.</p> | <ul style="list-style-type: none"> • Federal Income tax (FIT) • OASI, Medicare, and Industrial Insurance • Retirement • Garnishments and other legally required deductions • Other Deductions • Employer portion of taxes, insurance, and retirement |
| <p>CALENDAR YEAR-TO-DATE WAGE AND EMPLOYMENT TAX RECORDS TO SUPPORT FEDERAL REPORTING (HRMS: Employee Year to Date (YTD) Payroll Register)</p> | <p>Detailed record produced for each calendar year which includes: Current month, quarterly, and cumulative year-to-date data for filing quarterly Form 941/941cs and annual Forms W-2/W-2c.</p> | <ul style="list-style-type: none"> • Gross pay and reductions to gross pay • Gross pay subject to Federal Income Tax (FIT), OASI, and Medicare • Employee FIT, OASI, and Medicare taxes withheld • Employer OASI and Medicare taxes • Taxable Fringe Benefits |
| <p>RETIREMENT WORKLISTS AND OTHER TRANSMITTAL ADVICES (HRMS: Use DRS's WBET System)</p> | <p>Listings and advices to report detailed information on eligible employees to retirement systems.</p> | <ul style="list-style-type: none"> • Employees eligible for each retirement plan • Employee retirement deductions • Employer contributions • Other service credit detail |

| NAME OR TYPE OF RECORD | PURPOSE OF RECORD | CONTENTS OF RECORD |
|---|---|---|
| DISTRIBUTION OF PAYROLL AND RELATED COSTS (HRMS: Distribution of Payroll and Related Costs) | A listing of each employee by funding source(s). | <ul style="list-style-type: none"> Payroll and related costs distributed to one or more funding sources |
| DEDUCTION AUTHORIZATIONS | <i>Employee authorized</i> documents authorizing deductions or reductions from gross pay. | <ul style="list-style-type: none"> W-4 showing the number of an employee's deductions for FIT All other voluntary deductions requiring the employee's signature |
| LEAVE RECORDS (HRMS: Attendance System Change Report) | A record of employee leave earned, taken, and balances. | <ul style="list-style-type: none"> By employee By leave type Cumulative leave balance data |

25.20.30
June 1, 2006

Agency required payroll certifications

25.20.30.a

Certification Requirements

RCW 41.06.270 specifies two conditions an agency must meet before paying an employee. The agency head (or authorized designee) must certify that the payroll meets these conditions using the following language:

| | | |
|---|---------|--------|
| "I hereby certify that to the best of my knowledge amounts listed in this payroll are true and correct charges and that employees holding a position covered by Chapter 41.06 RCW or other applicable employment contract, have been employed in accordance with the rules, regulations, and orders issued thereunder." | | |
| BY _____ | _____ | _____ |
| (NAME) | (TITLE) | (DATE) |

As an alternative, in instances where an agency is using the Human Resource Management System (HRMS) and the payroll includes a mid-period transfer and charges belonging to another agency, the following language may be used:

| | | |
|---|---------|--------|
| "I hereby certify that to the best of my knowledge amounts listed in this payroll, associated with my agency, are true and correct charges and that employees holding a position covered by Chapter 41.06 RCW or other applicable employment contract, have been employed in accordance with the rules, regulations, and orders issued thereunder." | | |
| BY _____ | _____ | _____ |
| (NAME) | (TITLE) | (DATE) |

25.20.30.b

Agency Required Records to Support Payroll Certification

1. Agency records include the certification signed by the agency head (or authorized designee):
 - Directly on the payroll register, or
 - On a separate document if the payroll register is on microfiche.
2. A copy of all documents that reflect personnel actions for:
 - Appointment, transfer, promotion, demotion, and salary changes.
 - Any other temporary or permanent changes in employee status.

25.20.40
January 1, 2004

Payment and reconciliation of deductions and employer's costs

25.20.40.a

Agencies are to design payroll procedures to produce accurate payment of payroll deductions and employer costs to vendors on a timely basis.

25.20.40.b

Pay other state agencies by journal voucher whenever possible.

25.20.40.c

Timely monthly reconciliations are recommended for:

- **Savings bond reserves** to ensure amounts remaining in the reserve for designated employees are correct.
- **Year-To-Date (YTD) data** to ensure information used for preparing federal employment tax payments and reports are correct. Avoid incurring IRS interest and penalty assessments by reconciling YTD wage and tax data to federal deposits, quarterly Form 941/941cs, and annual Form W-2/W-2c statements. Refer to IRS Publication 15 for information regarding resolution of discrepancies and suggestions to reduce errors.
- **Health insurance data** to ensure that the premiums collected from employees and amounts calculated as employer contributions are proper.

25.20.50

October 1, 2005

Employee transfers between agencies

When an employee accepts an appointment with a different employer, WAC 357-22-025 requires the most recent former employer to provide employee information to the new employer in a transmittal package developed by the Department of Personnel. The WAC pertains to non-represented employees only.

Both the terminating and new employing state agencies should make a concerted effort to ensure the employee doesn't suffer a lapse in wage when there is an immediate continuing employment transfer.

The terminating agency must transfer at a minimum, the following documents to the new agency's designated office promptly:

25.20.50.a

Agency Termination Documentation

The original document that terminates the employee from the transferring agency.

25.20.50.b

Employee Deduction Authorizations

- Employee written requests authorizing both reductions from gross pay and other deductions.
- All original (past and current) medical, dental, life, long term disability, and any other insurance enrollment forms.

25.20.50.c

Leave Balances

Employee leave records for vacation, personal holiday, sick, shared leave, and any other leave balances.

25.20.50.d

Interagency Transmittals

Use SF Form 314 – Employee Personnel/Payroll Records Transmittal (or equivalent) to transmit employee records between state agencies.