



## 25.20 Payroll Accounting Requirements

### 25.20.10

January 1, 2012

### Payroll revolving account and other accounts used for payroll activities

Agencies use various systems to process payroll activities.

#### 25.20.10.a

#### Human Resource Management System

The State Payroll Revolving Account, Account 035, is used for payroll disbursements by agencies using the Department of Enterprise Services' (DES) Human Resource Management System (HRMS).

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

#### 1. Treasury/Treasury Trust Accounts

- Agencies authenticate payroll data in the HRMS system and certify payroll registers for dollar amounts.
- DES provides journal vouchers and warrant registers indicating the accounts properly chargeable with the payroll expenditures/expenses. DES then certifies these amounts to the Office of the State Treasurer (OST).
- OST transfers money from the appropriate agency treasury or treasury trust accounts to Account 035 for payroll disbursements chargeable to those accounts.

#### 2. Local Accounts

- Agencies paying employees chargeable to local accounts must use the local account expenditure coding in HRMS.
- Agencies authenticate payroll data in the HRMS system and certify payroll registers for dollar amounts.
- DES provides journal vouchers and warrant registers indicating the accounts properly chargeable with the payroll expenditures/expenses. DES then certifies these amounts to the OST.

- OST transfers money from the Suspense Account 01P to Account 035 for the total amount of payroll disbursements to be made from local accounts.
- Agencies deposit sufficient money in Account 01P to cover for payroll disbursements chargeable to local accounts.
- All transfers or deposits to Account 01P 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.

25.20.10.b

**Other Payroll Systems**

Accounts used by other payroll systems vary:

**1. Payroll Personnel Management System**

Users of the Payroll Personnel Management System maintained by the State Board of Community and Technical Colleges use Account 790 for payroll disbursements.

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

Higher education agencies with their own payroll systems may utilize other accounts as either allowed by law or with approval by the Office of Financial Management.

25.20.10.c

For treasury and treasury trust accounts, OST redeposits amounts for canceled warrants back to Account 035 where the original disbursements were made. Agencies must 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.

For local accounts, payroll checks that are returned should either be reissued or canceled as appropriate. Payroll checks are normally valid 180 days after issuance and should be canceled when they remain outstanding beyond such time.

For federal work study students, federal requirements may differ. Refer to the Code of Federal Regulations (CFR), Title 34, Section 668.164(h) at: [www.ecfr.gov](http://www.ecfr.gov).

25.20.10.d **Reconciliations**

Agencies are to accurately record and reconcile all payroll activity, 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.sos.wa.gov/archives/recordsmanagement/default.aspx>.

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><b>PAYROLL REGISTER</b> (HRMS: Payroll Journal)</p>	<p>A record produced each pay period showing all employees paid.</p>	<ul style="list-style-type: none"> <li>• Warrant or ACH (automated clearing house) number</li> <li>• Employee Names</li> <li>• Detail of Earnings</li> <li>• Deductions/Allowances/Reimbursements</li> <li>• Net Pay</li> </ul>
<p><b>WARRANT REGISTER</b> (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"> <li>• Warrant number</li> <li>• Employee names</li> <li>• Vendor names</li> <li>• Net pay or vendor amount</li> <li>• Account Charged</li> </ul>
<p><b>DIRECT DEPOSIT RECORD (ACH REGISTER)</b> (HRMS: Warrant/ACH Register &amp; Summary)</p>	<p>A listing of employees and other payroll costs paid by direct deposit.</p>	<ul style="list-style-type: none"> <li>• ACH number/banking institution</li> <li>• Employee names</li> <li>• Vendor names</li> <li>• Net pay or vendor amount</li> <li>• Account Charged</li> </ul>

NAME OR TYPE OF RECORD	PURPOSE OF RECORD	CONTENTS OF RECORD
<p align="center"><b>REGISTERS INDICATING EMPLOYEE DEDUCTIONS AND EMPLOYER'S SHARE OF TAXES, INSURANCE, AND RETIREMENT</b></p> <p align="center"><b>(HRMS: Accrued and Mandatory Payroll Deduction Report )</b></p>	<p>Detailed records produced for each pay period for each employee deduction and state share cost.</p>	<ul style="list-style-type: none"> <li>• Federal Income tax (FIT)</li> <li>• OASI, Medicare, and Industrial Insurance</li> <li>• Retirement</li> <li>• Garnishments and other legally required deductions</li> <li>• Other Deductions</li> <li>• Employer portion of taxes, insurance, and retirement</li> </ul>
<p align="center"><b>CALENDAR YEAR-TO-DATE WAGE AND EMPLOYMENT TAX RECORDS TO SUPPORT FEDERAL REPORTING</b></p> <p align="center"><b>(HRMS: Employee Year to Date (YTD) Payroll Register)</b></p>	<p>Detailed record produced for each calendar year which includes:</p> <p>Current month, quarterly, and cumulative year-to-date data for filing quarterly Forms 941/941-X and annual Forms W-2/W-2c.</p>	<ul style="list-style-type: none"> <li>• Gross pay and reductions to gross pay</li> <li>• Gross pay subject to Federal Income Tax (FIT), OASI, and Medicare</li> <li>• Employee FIT, OASI, and Medicare taxes withheld</li> <li>• Employer OASI and Medicare taxes</li> <li>• Taxable Fringe Benefits</li> </ul>
<p align="center"><b>RETIREMENT WORKLISTS AND OTHER TRANSMITTAL ADVICES</b></p> <p align="center"><b>(HRMS: Use DRS WBET System)</b></p>	<p>Listings and advices to report detailed information on eligible employees to retirement systems.</p>	<ul style="list-style-type: none"> <li>• Employees eligible for each retirement plan</li> <li>• Employee retirement deductions</li> <li>• Employer contributions</li> <li>• Other service credit detail</li> </ul>
<p align="center"><b>DISTRIBUTION OF PAYROLL AND RELATED COSTS</b></p> <p align="center"><b>(HRMS: Distribution of Payroll and Related Costs)</b></p>	<p>A listing of each employee by funding source(s).</p>	<ul style="list-style-type: none"> <li>• Payroll and related costs distributed to one or more funding sources</li> </ul>
<p align="center"><b>DEDUCTION AUTHORIZATIONS</b></p>	<p><i>Employee authorized</i> documents authorizing deductions or reductions from gross pay.</p>	<ul style="list-style-type: none"> <li>• W-4 showing the number of an employee's deductions for FIT</li> <li>• All other voluntary deductions requiring the employee's signature</li> </ul>
<p align="center"><b>LEAVE RECORDS</b></p> <p align="center"><b>(HRMS: Attendance System Change Report)</b></p>	<p>A record of employee leave earned, taken, and balances.</p>	<ul style="list-style-type: none"> <li>• By employee</li> <li>• By leave type</li> <li>• Cumulative leave balance data</li> </ul>

**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:

<p>“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.”</p>		
<p><b>BY</b> _____</p>		
(NAME)	(TITLE)	(DATE)

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

<p>“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.”</p>		
<p><b>BY</b> _____</p>		
(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.

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**25.20.40**

July 1, 2011

**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 or interagency payment whenever possible.

25.20.40.c

Timely reconciliations are recommended for:

- **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 Forms 941/941-X, and annual Forms W-2/W-2c. 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.

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**25.20.50**

January 1, 2012

**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 Office of Financial Management (OFM) State Human Resources.

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 the following OFM forms (or equivalent) to transmit employee records between state agencies:

- 12-011 Employee Payroll Records Transmittal
- 12-048 Employee Personnel Records Transmittal