

PER-14 Hire and Pay Board Members Action Guide

Purpose

The purpose of this job aid is to explain how to enter board and commission member positions into the Integrated HR/Payroll System and how they are to be paid and taxed.

Board and commission members who receive a stipend or per diem are employees for **employment tax purposes**. Payments to these individuals are subject to federal, state, and FICA (social security/Medicare) tax withholding. These individuals are to be issued a W-2 at year end, **NOT** a 1099. Effective January 1, 2017 all stipend or per diem payments to board and commission members must be paid through the Integrated HR/Payroll System.

Agencies desiring to utilize Temporary Solutions to pay their board and commission members should contact Temporary Solutions for further instruction. Agencies that do not utilize Temporary Solutions should follow all standard procedures for establishing a temporary position and hiring a temporary worker.

Enter the board and commission member positions into the Integrated HR/Payroll System as employee group O and employee subgroup G4, job 32001801 "Boards and Commissions Member." This position is assigned to the Flat Rate pay band.

Note: AOC should use an employee group, subgroup, and position relevant for its agency.

Board and commission members should not enter hours worked into the Integrated HR/Payroll System. Instead, Temporary Solutions or agencies, as applicable, should key stipend or per diem payments on IT0015 using wage type 1552 Board Member Stipend. Each entity is responsible for maintaining documentation to support these

entries.

For budgeting purposes, wage type 1552 crosswalks to the NCAS general ledger account 531651 – Compensation to Board Members. Employer matching costs for social security/Medicare post to general ledger account 53151x – Social Security Contributions.

For tax year 2017 and forward, any board and/or commission member compensation (stipend and/or per diem payment) paid through accounts payable must be re-processed through the Integrated HR/Payroll System. Once these payments have been reprocessed through the Integrated HR/Payroll System, agencies must ensure all 1099 flags have been removed from the re-processed payments. If any payments remain flagged for 1099 reporting, a 1099 will be prepared in error.

Expense reimbursements, per an accountable plan (reference IRS Publication 5137 – Fringe Benefit Guide), may remain payable through the agency's accounts payable system and are not reportable as wages on the W-2. For any expenses reimbursed under a non-accountable plan, which are subject to employment tax withholding, an agency must enter these reimbursements into the Integrated HR/Payroll System using wage type 1623 (1621 for DOT) – travel reimbursements and 1629 (1622 for DOT) – meal reimbursements. Beginning January 1, 2017, these expense reimbursements must be reviewed for the appropriate tax withholding and reporting.

To record the compensation previously made in the NCAS Accounts Payable System, enter the total payment made in NCAS into the Integrated HR/Payroll System. On infotype 0015 enter the amount from NCAS using wage type 1552 (1554 for DOT). Enter the appropriate wages type for any travel (1525) or meal expenses (1629) incurred for a nonaccountable plan.

Finally, enter a wage type 26AC* (agency check) for the total amount of all wage types entered (enter as a positive amount). If the Board member is not receiving future earnings, the wage type 26AC will offset the earnings less the taxes withheld. **If the wage type 26AC is not entered the board or commission member will receive net pay for the same earnings previously entered and paid within NCAS.** The withholding tax due on these funds will come from the current/future earnings or an Agency Check if there are no

current/future earnings.

* The wage type 26AC will post to a salary General Ledger account in NCAS (in most cases a 53131X Regular (Non-student) Temporary Wages account), less any taxes withheld. Agency fiscal personnel **must** process an NCAS journal voucher to move the offset amount generated by the wage type 26AC to the NCAS account 531651 – Compensation to Board Members. To determine the account and amount of the offset, agencies will need to run the ZFIR018 report ([Financial Report for Payroll Posting](#)) in the Integrated HR/Payroll System for those board members and the 26AC wage type. In the event the offset does not fully cover the expense posted to 531651 for this payroll, the difference is caused by taxes owed by the board or commission member.

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