

STATE OF GEORGIA
ACCOUNTING PROCEDURES MANUAL

SECTION: FOUR - OTHER PROCEDURAL TOPICS
TOPIC: PAYMENTS TO BOARD MEMBERS

LAWS AND REGULATIONS

US Treasury Regulations §31.3401

Internal Revenue Code §6250-17-22

The accounting method for recording payments made to elected or appointed board and commission members of state governmental entities is determined by guidelines set forth in the Internal Revenue Code and Treasury Regulations. The Internal Revenue Code and Treasury Regulations address the issue from a perspective of whether the individuals are viewed as employees or independent contractors of the particular governmental entity.

ACCOUNTING PROCEDURES

GENERAL PROCEDURES

State entities should make payments to elected or appointed board and commission members for compensation that is not considered “reimbursable” per Internal Revenue Code § 62 through the payroll system. The expenditure/expense should be recorded in Account 510003, “Other Supplemental Pay”. Payments are not considered “reimbursable” expenses per Internal Revenue Code § 62 if: (1) the individual is not required to substantiate expenses in order to be paid; or (2) the individual is allowed to retain any amount in excess of substantiated expenses.

Payments recorded in Account 510003 should be reported to the Department of Audits as salary expense for inclusion in the Report of the State Auditor. This will necessitate that the individuals be issued W-2s at the end of the year as opposed to 1099s.

Payments made for expenditures/expenses that meet the criteria per Internal Revenue Code § 62 should be recorded in an account appropriate to the expenditure/expense being reimbursed. If the reimbursement is travel related, the entity should record the expenditure/expense in the appropriate travel account and report the amount to the Department of Audits for inclusion in the Report of the State Auditor.

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