State Accounting Office of Georgia
Fiscal Leadership for Georgia

Statewide Accounting Policy & Procedure

Accounting Manual Reference:		**Effective Date:** 07/01/1999
Section:	Expenditures/Payables/Encumbrances	**Revision Date:** 07/01/2004
Sub-section:	Payments to Board Members	

Laws and Regulations

US Treasury Regulations §31.3401
Internal Revenue Code §62 (c)
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.

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 (c) 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 (c) 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 State Accounting Office as salary expense for inclusion in the BCR/CAFR. This will necessitate that the individuals be issued W-2s at the end of the year as opposed to Forms 1099.

Payments made for expenditures/expenses that meet the criteria per Internal Revenue Code §62 (c) 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.