

# Payroll and Personnel Records

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Recipients of BWSR grants are responsible for maintaining records relating to personnel and are encouraged to have comprehensive personnel policies and policies which govern payroll functions. At a minimum, personnel policies should address the following: hiring procedures, new employee orientation, work schedules, compensation, timekeeping, benefits, worker's compensation, performance appraisal, data privacy, leave, separation from employment, and complaint & grievance procedures.

The following guidelines provide minimum requirements for personnel/payroll transactions that are part of a grant project:

- Adequate records must be maintained to support benefits accrued and used, e.g. sick and vacation time. If an employee is working part-time under the grant, benefit costs must be prorated.
- Grantees are to comply with all aspects of applicable U.S. Wage and Hour Rules regarding the earning and payment of overtime. To access information from the U.S. Department of Labor Employment Standards Administration Wage and Hour Division, go to: <http://www.dol.gov/esa/whd>.
- The state will not participate in any monetary settlements, judgments or claims levied against a funding recipient due to noncompliance with laws, rules or regulations governing employer/employee payments.

Consult your legal advisor or an employment law specialist for specific personnel or payroll questions.

For guidance on tracking the time that your employees charge to BWSR grants, see "Best Practices: Time Tracking."

## **Independent Contractors**

Grantees may use independent contractors; however, keep in mind that a strictly contractual relationship must be distinguished from an employment relationship under the Fair Labor Standards Act (FLSA). Typically, independent contractors do not acquire tenure rights or any rights or benefits by way of Worker's Compensation, Unemployment Compensation, medical and hospital insurance, sick and vacation leave, severance pay, pensions or any other right or benefit normally provided to your employees. In addition, independent contractors do not have taxes withheld from their compensation. An employer can be held liable for employment taxes, plus interest and penalties, if a worker is incorrectly classified as an independent contractor. Consult IRS Publication #15a or an employment law specialist for additional information.

## **Stipends**

Grantees should not use stipends to hire individuals for scheduled duties, whether payment is by cash or check. Stipends are generally small allowances or living expense reimbursements paid to program volunteers for the purpose of compensating them for their “out-of-pocket” expenses. Remember, the concept of a “paid volunteer” sounds very much like an “employee.”