

# Training 6-4: Expense Payments and Employee Compensation



Welcome to the Wisconsin Department of Public Instruction’s training module on the Private School Choice Programs. We will refer to the Private School Choice Programs as “Choice” or “Choice program” throughout this training. The Choice program is governed by Wis. Stat. §§ 119.23 and 118.60, as well as Wis. Admin. Codes ch. PI 35 and 48. Provisions of this training module are subject to statutory and rule changes.

This section of the Fiscal and Internal Control Practices requirements will cover expense payments and employee compensation.

## Expense Payments

- The school must make payments to vendors and reimbursements to employees and other persons as follows:
  1. Per written agreement.
  2. If there is no written agreement within 90 days of invoice receipt or payment request.

Schools must make payments to vendors and reimbursements to employees within the time frame specified in any written agreements. If there is no written agreement, the amount must be paid within 90 days of invoice receipt or payment request.

A written agreement is anything in writing where the school and the vendor are agreeing to the payment terms. An invoice date alone is not considered a written agreement.

## Employee Reimbursements

- Reimbursements must be paid as required by the school's written policy for reimbursements.
  1. Must be based on a receipt supporting the reimbursement.
  2. The written policy must specify the time period for requesting the reimbursement.
- Rental payments must be made in accordance with the lease.

Reimbursements must be made based on the policy the school has developed for reimbursements. The policy must include that reimbursements are paid based on a receipt. It must also specify how long the individual has for requesting the reimbursement.

Additionally, the school must pay the full rental payment due per the lease on the dates specified in the lease.

## Employee Compensation Requirements

A school must do all of the following for each school year:

1. Have a written agreement signed by a representative of the school and the employee for each employee stating the employee's compensation before the employee works for each school year.
2. Provide each employee with a document that states the dates the school will pay employees. This document must be provided to employees before the first payment is made. The school may not have any more than 31 days between the pay dates.
3. Provide a written document to the employee specifying any changes to one of the documents above before the changes are effective.
4. Make payments based on the documents above.

The school must have a written agreement for each employee stating the employee's compensation that is signed by a representative of the school and the employee for each school year. The agreement must be completed before the first day the employee works for that school year. The school must also provide each employee with a document that states the dates the school will pay employees before the first payment is made. The school may not have any more than 31 days between the pay dates.

If the school makes any changes to the written agreement or to the pay dates, the school must provide a written document to the employee specifying any changes to the documents in advance of the changes being effective.

If there are pay rate changes, the school must provide written notification of the change to the employee in advance of the change being made or one-time payment being made. The auditor must be able to verify that notification was provided to the employee. Some options for the written notification the school may use are:

- Have the employee sign a document agreeing to or acknowledging the change.
- Provide the written notification of the change electronically.

The documentation of the pay rate changes must include the following components:

- If the payment is for a one-time item such as a bonus the document must include when the amount would be paid and how much the amount was or how the amount would be calculated.
- If the payment is for an ongoing change such as a merit increase or additional duties, the written notification must have the date the ongoing change was effective and the per paycheck amount or how the amount would be calculated.

Finally, the school must make payments based on the written agreement and pay dates provided to the employees.

## Employee Compensation Auditor Review

The auditor completes the following as part of the Fiscal & Internal Control Practices Report:

1. Ensures all employees are paid the amount per the written documents, that employees were paid on the dates specified in the written documents, and that the total amount paid to date equals the amount per the written documents.
2. Determines if employees were paid at least once every 31 days.
3. Determines if any wage claims exist with DWD.
4. Continuing Choice Schools: Determines if unpaid payroll and related benefits on the last financial audit are paid.

As part of the Fiscal & Internal Control Practices Report, the auditor will complete several procedures to ensure that the school is in compliance with the employee compensation requirements. Some of the procedures the auditor will complete are listed on this slide.

- The auditor will ensure the employees were paid the amount required per the written documents on the dates specified and that the total paid to date equals the amount required per the written documents.
- The auditor will review the payroll records to determine that employees were paid at least once every 31 days.
- The auditor will determine if any wage claims exist with DWD. If any exist, the auditor will determine how much is outstanding and the status of the wage claims.
- Finally, if the school is a continuing school, the auditor will verify that the payroll and benefits payable balance as of the last financial audit has been paid.

## Questions

Website: <http://dpi.wi.gov/sms/choice-programs>

Email: [DPIChoiceAuditReports@dpi.wi.gov](mailto:DPIChoiceAuditReports@dpi.wi.gov)

Phone: 1-888-245-2732 ext. 3



If you have any questions about the information discussed in this training, please see the Private School Choice Programs homepage. The left menu bar of the Private School Choice Programs homepage has resources for both schools and auditors.

Choice schools may also contact the Choice auditors at the email on the slide, or call the toll-free number at 1-888-245-2732, extension 3 with questions.