

SDML Workers' Compensation Fund

Payroll Audit Guidelines

Splitting Classifications Payroll

Payroll splitting is allowed on a limited basis. If any one employee spends an equal number of hours in more than one position, his payroll can be divided accordingly. Time should be documented on a time card. If equal time is not spent in more than one position, the rule of thumb applies, the job where the employee spends 90 - 95% of the time prevails.

On Call Time Payroll

SDML Workers' Compensation Fund members payroll defined as "on call time" will be included as full payroll with one exception. Non-exempt hourly employees who have already worked 8 hours in a day or 40 hours in a week, the employees on call time will be defined as 'on call overtime pay'. Then the entire pay for on call time should be excluded from the employees payroll.

Overtime Pay

The extra pay for overtime shall be excluded from the payroll on which premium is computed as indicated in A or B below, provided the payroll books and records are maintained to show overtime pay separately by employees and in summary by classifications.

- A. If the records show separately the extra pay earned for overtime, the entire extra pay shall be excluded.
- B. If the records show the total pay earned for overtime (regular pay plus overtime pay) in one combined amount, one-third of this total pay shall be excluded. If double time is paid for overtime, and the total pay for such overtime is recorded separately, one-half of the total pay for double time shall be excluded.

Vacation, Sick Leave and Holiday Payroll

Payroll for holiday, vacation or periods of sickness is excluded from the definition of payroll provided the *payroll books and records are maintained* to show vacation, sick leave and holiday payroll separately by employee and in summary by classifications. An estimated or percentage allocation is not permitted.

Uninsured Contractors

All SDML Workers' Compensation members hiring independent, outside, non-employee contractors are **required** to have Certificates of Insurance on file as proof that they provide their own coverage. Without these Certificates, the compensation will be added to the payroll for these "employees".