

GOVERNMENT/PUBLIC SECTOR CERTIFICATE PROGRAM OUTLINE

The Fair Labor Standards Act and the Public Sector

Exempt Employees

- Elected Officials/Appointees Exclusion
- Legislative Branch Employees
- White Collar Exemptions
- Budget Furloughs

Nonexempt Employees

- Interns and the Minimum Wage
 - Firefighters and Law Enforcement Work Period Exception
 - Compensatory Time (Comp Time)
- ### Compensable Time for Nonexempt Employees
- Meal and Rest Periods: Law Enforcement and Firefighters
 - Sleep Time
 - Travel Time
 - Waiting Time and
 - On-Call Time
 - Volunteering
 - School Mentor Was FLSA-Exempt Volunteer
 - Civic, charitable, or humanitarian purpose
 - Promise, expectation, or receipt of compensation
 - Coercion
 - Volunteer' Firefighters Were FLSA Employees
 - Employer-employee relationship
 - Occasional/Sporadic Employment
 - Substitution
 - Early Relief
 - Outside Employment
 - Training Time
 - Time Spent Changing Clothes
 - Time Spent Donning and Doffing Police Uniform Was Not Compensable
 - Ruling
 - Using a Smartphone – Is It Time Worked?
 - Off-Duty Officers Were Not Eligible for Overtime
 - Appeals court sides with Bureau
 - DOL Issues Field Assistance Bulletin on Telework

Government/Public Sector Employee Fringe Benefit Taxation

Employer-provided Benefits

- Personal Use of Employer-Provided Vehicles
- Employer-provided Clothing

- On-Duty Casual Clothing Issued to Police and Fire Department Employees Is Not Wages
- Working condition fringes
- Procedural change: casual clothing may be excludable

- Equipment and Uniform Allowances
- Military Differential Pay
- Employer-provided Cell Phones
 - Reimbursement of Employee Personal Cell Phone Usage
 - IRS audit guidance
- Employer-provided Meals
- Employer-provided Lodging

Other Benefits

- Educational Assistance
 - Job-related education
 - Non-job-related education
 - Tuition reduction
 - Scholarships and fellowships
- Leave Sharing Plans
 - Leave Time Donated to Charity

Employee Taxation in the Public Sector

Social Security and Medicare Taxation

- Social Security and Medicare Tax Coverage
- Definition of Section 218 Terms
- Coverage of Employees Under a Retirement System
- Mandatory Social Security and Medicare Coverage
- IRS Answers to Frequently Asked Questions
 - Retirement System
 - Member of a Retirement System
 - Coordination with Medicare
- Mandatory Medicare Coverage
 - Continuous Employment Exception IRS FAQ
- Applying Section 218 to Teachers and Retired Teachers
- Social Security and Medicare Issues Facing School Districts
- IRS Answers to Frequently Asked Questions
 - Continuing Employment Exception Applied to Employees of Unified School District
- SSA Form for State and Local Government New Hires
 - Windfall Elimination Provision
- Student FICA Exception
 - Students in K-12 Schools

- Wages and Employment Exempt from Social Security/Medicare Tax
- Form W-2 Reporting of Qualified Government Employees
 - Medicare Qualified Government Employees
 - Employees Covered by Full Social Security and Medicare and MQGE
 - Option: Prepare a single Form W-2
 - Form W-2
 - First Form W-2
 - Second Form W-2

Federal Income Tax Issues

- Jurors' Compensation
- Elected Officials
- State/Local Benefits for Volunteer Emergency Responders
- Withholding for Nonresident Aliens
 - Social security cards
 - Form W-4 requirements
 - TABLE 1 (Pre-2020 Form W-4)
 - TABLE 2 (2020 or later Form W-4)
 - Example: Nonresident Alien Employee With pre-2020 Form W-4
 - Pre-2020 Form W-4
 - Example: Nonresident Alien Employee With a 2024 Form W-4
 - 2024 Form W-4

Government Retirement Plans

Retirement Plans

- Defined Benefit Plans
- Defined Contribution Plans
- Section 401(a) Employer Pick-Ups
- Employer's Payments to Pension Plan
- IRS Clarifies Rules on Employer 'Pick-Up' Contributions

Section 457(b) Plans

- Eligible Plans
- Individuals Eligible to Participate
- Discrimination Testing
- Typical 457(b) Plans
- Annual Deferrals
 - Age 50 Catch-up Contributions
 - Final Three-Year Catch-Up
 - Coordinating 457(b) Catch-Ups
 - Roth Contributions to 457(b) Plans
- Timing of Social Security, Medicare, and FUTA Taxes on Annual Deferrals
 - Excess Deferrals
 - Distributions for Unforeseeable Emergencies
 - IRS Guidance on Emergency Distributions Under 457(b) Plans
 - Plan-to-Plan Transfers
- Rollovers to Eligible Plans

- Loans
- Sick and Vacation Pay Deferrals
- Reporting Requirements
 - Reporting Distributions From a 457(b) Plan on Form 1099-R
 - Reporting Death Benefit Payments
 - Form W-2 Reporting of Deferrals
 - Elective/Nonelective Contributions Reporting Requirements Correction Program for 457(b) Eligible Deferred Compensation Plans

Section 403(b) Plans

- Section 403(b) Plan Requirements
- ERISA Versus Non-ERISA
 - Written Plan Requirement
 - Model 403(b) Plan Language for Public School Employers
- Contributions to §403(b) Plans
 - Limitations on Contributions
 - Catch-Up Contributions
 - Roth Contributions to 403(b) Plans
 - Plan-to-Plan Transfers
- Distributions From §403(B) Plans
 - Timing of Distributions and Benefits
 - Severance From Employment
 - Nondiscrimination
 - Universal Availability for Elective Deferrals
- Funding §403(b) Plans
 - Effect of a Failure to Satisfy IRC §403(b)
 - Requirement of Certain Separate Accounts Under IRC §403(b)
- Automatic Elections
- Reporting Requirements
 - Form W-2 Reporting of Elective Deferrals
 - Form 941 and 945 Reporting
- Comparison Chart for 403(b) and 457 Plans
 - Nonqualified Deferred Compensation Plans
- Nonqualified Deferred Compensation Plans
- Definition of Nonqualified Deferred Compensation Plan
- Requirements of §409A
- Teacher Contracts for 12-Month Pay Covering Shorter Terms
 - Notice 2008-62
 - Typical Situation: School District Employee
 - Why Would Teacher Pay Be Covered by §409A?

Deductions From Pay

Employer-required Deductions

- Child Support
- Creditor Garnishments
- Wage Assignments

Election Workers

Election Workers as New Employees

- No Form I-9 Requirement
 - New Hire Reporting for Election Workers
- ### **Election Worker Payments and Deductions**
- Withholding and Reporting Requirements for Election Workers
 - Social Security and Medicare Taxation for Election Workers

State Unemployment Taxes in the Public Sector

State Unemployment Taxes and Reporting

- Federal Unemployment Tax
 - State Unemployment Tax
 - State Unemployment Reporting Requirements
- ### **Unemployment Benefits**
- Eligibility for Benefits
 - Benefit Amounts
 - Benefit Charges to Employers

Government Payroll Accounting and Auditing

Fund and Grant Accounting

- Fund/Grant Accounting
- Accounting Basis and Financial Reporting
- State and Local Government Funds
 - Fixed assets and long-term debts
 - Accounting Basis
 - Financial Reporting
- Example: Fund Accounting Fiscal Cycle
 - Opening entries
 - Recording revenues
 - Payroll expenditures
 - Other expenditures
 - Closing entries

Controls and Auditing

- Internal Controls
- Auditing the Payroll Process and Records
 - Purpose of audit sampling
 - When not to sample
 - Defining a test sample
 - Selection of the sample
 - Perform the test
 - Compliance tests
 - Procedural questions
 - Self-audits
 - Payroll records
 - Withholding certificates
 - Local income tax withholding
 - Direct deposit and payroll card authorization
 - Other items to verify in the payroll system
 - Separation of payroll and HR records (not legally required but advised)

- IRS Federal, State and Local Governments Compliance Self-Assessment Reconciliation

Payroll Management in the Public Sector

Collective Bargaining Issues

- Collective Bargaining Agreements
 - Background
 - Complications of union contracts
 - Impact of contract changes and negotiations
 - Best practices for a government/public sector payroll department

Process Mapping and Improvements

- Process Mapping
 - Redesigning a Process Map
 - Key Benefits of a Process Map
 - Developing a Process Map
 - Step 1: Determine the boundaries/parameters
 - Step 2: Identify and list the steps taken in the process
 - Step 3: Sequence the steps
 - Step 4: Draw appropriate symbols
 - Step 5: Use the system model approach
 - Step 6: Check for completeness
 - Step 7: Finalize/validate the process map
 - Analyzing Process Flows

Benchmarking and Metrics

- Types of Benchmarking
- Quantitative Versus Qualitative Benchmarking
- Finding Comparable Organizations
 - Importance of Complexity Rankings

What to Measure

- Common Metrics
- Quantitative metrics
 - Cost metrics
 - Efficiency metrics
 - Processing metrics
 - Error/Rework Rates
 - People
- Qualitative Metrics
- Problems, Issues, and Poor Benchmarking Scores
- Approach to Benchmarking – Examples of Measurement
 - Quantitative
 - Qualitative
- Benchmarking Common Errors to Avoid
- Start Benchmarking with Manageable Pieces
 - Benchmarking is a two-way street
 - Standardizing Definitions for Benchmarking