

STATE OF WASHINGTON State Auditor's Office	BULLETIN	No. 315 Date: 2/28/95 Supersedes: No. 315 (dated 2/2/90)
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TO: All School Districts and Educational Service Districts

FROM: Brian Sonntag, State Auditor

SUBJECT: Supplemental Contract Payments to Employees

School districts and certificated employees may enter into additional contracts beyond a "base contract." This bulletin establishes minimum documentation requirements and outlines our audit policy for all supplemental contracts. Common supplemental contract programs include payments for additional time, responsibilities, and incentives (TRI) (RCW 28A.400.200(4)) and Student Learning Improvement Grants (Chapter 28A.300 RCW).

In our view, proper documentation provides an element of internal accounting controls, assures compliance with minimum documentation of claims (chapter 42.24 RCW) and qualifies such expenditures under federal cost principles (Office of Management and Budget Circular A-87).

### FORM AND CONTENT OF CONTRACTS

Under the TRI statute, specific qualifying activities for additional time, responsibilities or incentive payments are not listed. Each district, in conjunction with its employees and collective bargaining units, determines qualifying activities. We caution that supplemental contracts may not be for services which are part of the basic education program required by the state's constitution (Article IX, section 3). In the absence of an authoritative definition of "basic education," the State Auditor's Office will look at each district's TRI contract for a clear indication that the activities being paid for are not basic education.

The TRI statute refers to a separate contract. In order to reduce administrative burden, we encourage district-wide contracts, such as a collective bargaining agreement, wherever possible. In whatever the district chooses, a clear distinction between terms and conditions for basic services, and additional time, responsibilities and incentives is required. Individual employee contracts may reference a collective bargaining agreement. How an individual's contract(s) might relate to a collective bargaining agreement is at the option of each district. Attached are examples of how minimum requirements may be met.

### DOCUMENTATION

Supplemental payments tend to be for three kinds of services: additional time, responsibilities or incentives. This Bulletin requires that whatever system is used to support additional time, responsibilities, or incentives must be auditable.

**Time:** Supplemental contracts for additional time require the contract to specify compensation rates: hourly, daily or as a percentage of a base contract. The district should provide documentation that time was worked. The documentation should be signed by the employee and co-signed by a supervisor. When this is not practicable, the auditor will look for compensating management controls that would enable the district to ensure that the time was worked.

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Some inservice training activities may require transcripts or an individual to sign-in and sign-out at the beginning and ending, respectively, of the activity. While this may be required for an employee to receive continuing educational credits, it is not required as part of the internal control procedures in this Bulletin.

**Responsibilities:** When additional responsibilities are assumed or agreed to (e.g., chair of math department), payments for additional responsibilities become part of the employee's compensation package, and paid ratably over the contract period. Once the contract is executed, no additional documentation is required beyond normal payroll requirements, provided the contract is not charged to a federal program. Charges to federal programs could require time documentation. See the Office of Superintendent of Public Instructions' Financial Service Bulletins 8-94, *Time and Effort for Record Keeping for Chapter 1 and Learning Assistance Programs*, and 59-92, *Time and Effort Record-Keeping for Federal Programs*.

Some supplemental contracts are for additional time **and** responsibilities. At the option of the district, the contract may be handled either as a contract for additional time or additional responsibilities.

**Incentive:** Incentive payment terms must be contained in a contract. Once the employee has qualified for the payment, the employee should complete a document or claim indicating the particular incentive achieved and that he or she is entitled to the payment.

Regarding incentive payments under the TRI statute, the Attorney General's Office has stated:

In order to be lawful, "incentive payments" . . . must be related to some identifiable, measurable "incentive" defined in a district policy or contract and amounting to more than the performance of duties and functions defined by statute as "basic education." . . . A district must be able to identify a logical connection between an incentive and some form of enhanced production or performance. (AGO 89-15)

**NOTE:** Be aware some payments may be deemed "excess compensation" for purposes of calculating a retiring employee's final compensation. We suggest the Department of Retirement Systems be consulted for further guidance.

**NOTE:** RCW 28A.40.200 seems to require the school board to personally approve each contract. Our legal counsel has advised that as long as the school board authorizes the superintendent or other individual to approve the supplemental contract, the signature of the superintendent or other individual will suffice as the signature of the school board.

**PAYMENT METHOD**

Many districts at the start of the school year aggregate the base and supplemental contract and spread payment over the school's fiscal year. Some believe that this practice could allow the district to compensate an employee prior to the services in a supplemental contract being performed, a violation of RCW 42.24.080. Aggregating and spreading contracts is permissible since spreading total contract payments over the fiscal year causes the employee to receive a smaller payment than actually earned, provided the district reserves the right to withhold money due the employee for any overpayments for lack of performance.

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**TRANSITION**

We will work with districts to assure compliance with documentation. If you have any questions about your situation, please do not hesitate to contact your local Audit Manager. Phone numbers are available by calling (360) 753-4792.

Attachments

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**Attachment 1**

**Page 1**

**Model documentation for Supplemental Contracts for additional time.**

**These model documents are for illustration only. Each school district should develop documents that fit their circumstances, consistent with the guidelines in this Bulletin.**

*DIRECTIONS: FILL OUT AND RETURN TO YOUR BUILDING PRINCIPAL PRIOR TO THE LAST DAY OF SCHOOL.*

VERIFICATION OF ADDITIONAL TIME WORKED

I, \_\_\_\_\_ verify that I have fulfilled the conditions of the TRI schedule which recognized additional time performed beyond the contracted basic education work year and work day, all in accordance with the Collective Bargaining Agreement between the XYZ School District and the XYZ Education Association.

Indicate work performed here and on the attached form (check all that apply).

- a. \_\_\_\_\_ Preparation for opening and/or closing school
- b. \_\_\_\_\_ Conferences with parents beyond those referenced in the Master Contract
- c. \_\_\_\_\_ Supporting student activities
- d. \_\_\_\_\_ Tutoring
- e. \_\_\_\_\_ Evaluating student work
- f. \_\_\_\_\_ Attending workshops, inservices, and classes
- g. \_\_\_\_\_ Preparation of materials and plans
- h. \_\_\_\_\_ Planning instruction with other staff members
- i. \_\_\_\_\_ Attending building and district meetings and programs such as PTA, orientations, graduation, etc.
- j. \_\_\_\_\_ Other (please specify in the activity column on the reverse side)

\_\_\_\_\_  
Teacher's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Principal's Signature

\_\_\_\_\_  
Date

**DISTRICT OFFICE APPROVAL**

\_\_\_\_\_  
Superintendent's Signature

\_\_\_\_\_  
Date



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**Attachment 2**  
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**Model documentation for additional responsibilities.**

CERTIFICATED EMPLOYEE'S SEPARATE CONTRACT

XYZ SCHOOL DISTRICT NO. 123, A KING COUNTY MUNICIPAL CORPORATION ("DISTRICT") AND ("EDUCATOR") HEREBY AGREE THAT FOR THE CONTRACT YEAR 1993-94 DISTRICT SHALL COMPENSATE EDUCATOR AS SHOWN BELOW FOR THE PERFORMANCE BY EDUCATOR OF THE SEPARATE DUTIES LISTED BELOW:

LOCATION:

DUTIES:

THIS SUPERSEDES PREVIOUS SEPARATE CONTRACTS.

THIS CONTRACT, RELATING TO SEPARATE DUTIES, IS NOT GOVERNED BY RCW 28A.405.210 AND MAY BE CANCELED BY DISTRICT.

AGREED:  
BY ORDER OF  
BOARD OF DIRECTORS  
XYZ SCHOOL DISTRICT NO. 123  
KING COUNTY, WASHINGTON

\_\_\_\_\_  
SECRETARY OF BOARD  
XYZ SCHOOL DISTRICT NO. 123

\_\_\_\_\_  
DATE

\_\_\_\_\_  
EDUCATOR

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**Attachment 3**  
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**Additional Responsibilities**

**Example 1**  
**Collective Bargaining Agreement**

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IV. Special Services Personnel

Department Heads, Counselors and Psychologists will be paid an additional responsibility index as set forth in Appendix C.

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Appendix C

I. Department Heads

A department shall be defined as a number of approved student classroom/coordination sections or periods as of October 1, within a general field of studies to include these departments:

Language Arts  
Mathematics  
P.E. and Health  
Music  
Counseling

Business and Office  
Industrial Arts  
Arts and Crafts  
Science  
Social Studies

Payment shall be as follows:  
.09 of base schedule for department heads.  
\$20 for each approved section/period.

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...

Extra Activity/duty Pay Schedule

I. It is recognized that all employees help in making the broad student activities program a beneficial part of the total school program and which contributes to the general climate and effective operation of the schools. It is further recognized some employees have special or supplemental assignments in this area which make additional demands upon them beyond the school day, week or year and require unusual diligence, efforts, responsibilities and skills.

These special or supplemental assignments shall be paid according to the conditions of this contract.

II. The activities specified in this schedule will be compensated for according to the schedule rate which will be computed by applying all index percentages to the base teacher's salary.

...

Academic, Club and Service Activities

	Index
Activity Coordinator	.05
Annual	.08
Cheerleader Advisor	.10
Computer Liaison	.07
Debate	.10
Instrumental Music	.16
Photo	.05
Ticket Supervisor	.05
<b>Athletics and Intramurals</b>	
Baseball	.15
Basketball	.19
Cross Country	.12
Football	.19
Gymnastics	.15
Soccer	.12
Tennis	.12
Track	.15

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