

THE ALABAMA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

Payroll Regulations and Procedures for Reimbursable
Employers

ADOL Audits and Record Keeping

Charlotte H. Lackey, Chief of Tax
Alabama Department of Labor



REIMBURSABLE EMPLOYERS



Non-Profit Entities

Governmental Entities

- State Government
- Local Government (Cities, Counties, Municipalities)

DIFFERENCES BETWEEN TAX RATED AND REIMBURSABLE EMPLOYERS



Tax rated employers pay a certain percentage (tax rate) of taxable wages into the Trust Fund regardless of whether there are any Unemployment claims.

Reimbursable employers only pay if claims are filed and paid. These entities reimburse the department dollar for dollar.

REIMBURSEMENT OF BENEFIT CLAIMS.

Reimbursable employers are responsible for costs associated with any former employee who files for benefits.

This includes claimants who have left your employment for another job and subsequently file for benefits if the reimbursable employer is included in the base period.



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ALABAMA DEPARTMENT OF LABOR
UNEMPLOYMENT COMPENSATION DIVISION
(334) 954-4741
(334) 956-7496



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STATE OF ALABAMA
Statement of Benefit Cost
Advance Payment Governmental Employer

KAY IVEY • GOVERNOR
FITZGERALD WASHINGTON • SECRETARY

Any School District
123 Main Street
Anytown AL 12345

Employer Account Number:
0123456789
Mailed Date: 7/21/2022

Quarter: 2022 Q2						
Quarter Beginning:		4/1/2022		Total Benefit Cost:		\$518.75
Quarter Ending:		6/30/2022		Number of Claimants:		2
Benefit Cost						
Claimant Name	SSN	Benefit Year Begin	Amount of Regular Benefit Cost	Amount of Extended Benefit Cost	Total Benefit Cost	
Jane Doe	XXX-XX-1234	2/21/2022	\$262.00	\$0.00	\$262.00	
John Doe	XXX-XX-2345	11/22/2021	\$256.75	\$0.00	\$256.75	

NOTE: These costs become final upon the employer for all purposes and in all proceedings whatsoever unless application for revision thereof is made within 30 days from the date mailed. This Form UC212-A, Statement of Benefit Cost, is not a bill. Government employers should not immediately pay the amount shown on this statement.



QUARTERLY CHARGE STATEMENT

Each quarter charge statements are produced and provided to every employer who has incurred benefit charging.

Charge statements should be reviewed upon receipt. Charging equates to costs for reimbursable employers.



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FITZGERALD WASHINGTON • SECRETARY

STATE OF ALABAMA
Statement of Benefit Cost
Quarterly Billed Non-Profits

Any Non-Profit Entity
123 Elm Street
Anytown AL 12345

Employer Account Number:
0345678912
Mailed Date: 07/28/2022

Quarter: 2022 Q2					
Quarter Beginning:	4/1/2022	Total Benefit Cost:		\$787.71	
Quarter Ending:	6/30/2022	Number of Claimants:		8	
Benefit Cost					
Claimant Name	SSN	Benefit Year Begin	Amount of Regular Benefit Cost	Amount of Extended Benefit Cost	Total Benefit Cost
John Smith	XXX-XX-1234	3/28/2021	\$50.00	\$0.00	\$50.00
Mary Jones	XXX-XX-2345	5/3/2020	\$10.74	\$0.00	\$10.74
Cindy Adams	XXX-XX-3456	4/5/2020	(\$5.96)	\$0.00	(\$5.96)
Jacob Ladder	XXX-XX-4567	3/22/2020	(\$15.27)	\$0.00	(\$15.27)
Jerimiah Frog	XXX-XX-5678	3/21/2021	(\$40.00)	\$0.00	(\$40.00)
Elmer Fudd	XXX-XX-6789	3/29/2020	(\$37.00)	\$0.00	(\$37.00)
Bugs Bunny	XXX-XX-7890	2/27/2022	\$53.00	\$0.00	\$53.00
Clark Kent	XXX-XX-6543	2/27/2022	\$772.20	\$0.00	\$772.20

NOTE: These costs become final upon the employer for all purposes and in all proceedings whatsoever unless application for revision thereof is made within 30 days from the date mailed.
This Form UC212-A, Statement of Benefit Cost, is not a bill. Non-profit employers must pay the amount billed on CR-4-N.

ALABAMA DEPARTMENT OF LABOR
UNEMPLOYMENT COMPENSATION DIVISION
(334) 954-4701
(334) 956-7496

Notice of Payment Due
Quarterly Billed Non-Profits

Any Non-Profit Entity
123 Elm Street
Anytown AL 12345

Employer Account Number:
0345678912
Mailed Date: 07/28/2022

Pursuant to the Statement of Benefit Cost, you are hereby notified that payment in the amount shown in Item 3 is due the Unemployment Compensation Trust Fund by virtue of your election to make payments in lieu of contributions as provided in Section 25-4-51 (6) (b)1 of the Unemployment Compensation Law of Alabama. Section 25-4-51 (6) (b)1 of the Law provides such payment must be made within 20 calendar days of the date notified (item 2). Interest accrues at a rate of 1% per month on delinquent payments.

1. Quarter Ending 6/30/2022
2. Date Notified 07/28/2022
3. Total Due* \$787.71
(Total Due excludes prior balance & interest, if any)

*Payment must be made electronically at www.labor.alabama.gov.

NON-PROFIT ENTITIES PAY ACTUAL COSTS/CHARGING QUARTERLY



CALCULATION OF THE ADVANCE PAYMENT RATE



Each year Reimbursable
Governmental employers are
assigned an advance payment
rate which is calculated based
on the prior fiscal year.



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ALABAMA DEPARTMENT OF LABOR
UNEMPLOYMENT COMPENSATION DIVISION

STATE OF ALABAMA

KAY IVEY • GOVERNOR
FITZGERALD WASHINGTON • SECRETARY

Any School District
123 Main Street
Anytown AL 12345

Advance Payment Rate Notice
Advance Payment Governmental Employer

Employer Account Number: 0123456789

Fiscal Year:	
Legal Name:	Any School District
Fiscal Year Beginning:	10/1/2020
Fiscal Year Ending:	9/30/2021

Total Annual Benefit Cost	Total Covered Payroll	Advance Payment Rate
(2) \$20,000.00	÷ (3) \$10,000,000.00	= (4) 0.2%

The Rate shown in Item 4 applies only to Advance Payments due AFTER the "Fiscal Year Beginning" date shown above. Your Advance Payment Rate will also appear on Form CR-4G (REPORT OF PAYMENT TO UNEMPLOYMENT COMPENSATION TRUST FUND) which is posted quarterly to ADOL website. The Advance Payment is due by the 10th day of the first month of each quarter.

The amount shown in Item 2 represents the Total Benefit Costs charged to your account during the last CALENDAR YEAR. Item 3 represents Total Covered Payroll amounts reported by you for that year.

The Advance Payment Rate and the computations used in this notice become final for all purposes unless request for review is made within 30 days from the "DATE NOTIFIED" (Item 1) above. (sections 25-4-SI(b) and 25-4-54(h), Code of Alabama, U175 as amended)

Mailed Date: 4/6/2020

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649 Monroe Street • Montgomery, AL 36131 • labor.alabama.gov

Equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Dial 711 for TTY accessibility.

CALCULATION OF THE ADVANCE PAYMENT RATE

Total annual benefit costs are divided by the total annual payroll which equals the advance payment rate.





ALABAMA DEPARTMENT OF LABOR
UNEMPLOYMENT COMPENSATION DIVISION

STATE OF ALABAMA

KAY IVEY • GOVERNOR
FITZGERALD WASHINGTON • SECRETARY

Report of Payment to Unemployment Compensation Trust Fund
Advance Payment Governmental Employer Account

Any School District
123 Main Street
Anytown AL 12345

Employer Account Number: 0123456789

Tax Quarter: Q2021Q1			
Legal Name:	Any School District	Employer ID:	12-3456789
Quarter Beginning:	1/1/2021	Due Date:	4/30/2021

This is to certify that the information contained in report is true and correct to the best of my knowledge and belief.

Signature: _____ Title: _____ Date: _____

\$2,500,000.00 x	0.2%	=	\$5,000.00	-	\$0.00	=	\$5,000.00
average	advance		amount due		less credit		amount remitted
quarterly	payment						
covered payroll	rate						
for calendar							
year							

This report must be signed and returned within 10 days of the quarter beginning date even if the amount due is \$0.00.

If remittance is due, make checks payable to: Alabama Department of Labor

Return this form to the address shown above.

Mailed Date: 2/2/2021

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QUARTERLY ADVANCE PAYMENT

Total annual payroll is divided by four to determine the average quarterly payroll.

Average quarterly payroll is multiplied by the advance payment rate to determine the quarterly advance payment due.

Advance payments are an off-set of possible fiscal year benefit cost.





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ALABAMA DEPARTMENT OF LABOR
UNEMPLOYMENT COMPENSATION DIVISION

STATE OF ALABAMA

KAY IVEY • GOVERNOR
FITZGERALD WASHINGTON • SECRETARY

Annual Statement

Advance Payment Governmental Employer Account
(334) 954-4701

Employer Account Number: 0123456789

Any School District
123 Main Street
Anytown AL 12345

Fiscal Year Ending: September 30, 2022			
Legal Name:	Any School District	Remit Amount:	
Fiscal Year Beginning:	10/1/2021	Due Date:	12/20/2022
Fiscal Year Ending:	9/30/2022		

Benefit Cost		Payments		Total
\$22,000.00	-	\$20,000.00	=	(2) \$2,000.00
				-
Prior Balance (Includes any prior Credits/Debits)				(3) \$0.00
				=
Debit (Remit within 20 days)				(4) \$2,000.00
				OR
Credit				(5)

Any request for review of computation of the amounts shown on this notice must be made within 30 days from the date notified. Protest does not extend time for the payment of any balance due. (See section 25-4-54(h) Code of Alabama 1975 as amended.)

If Item 4 indicates a balance due, that amount must be remitted via electronic funds transfer to this Agency within 20 days from the "Date Notified". Interest accrues at a rate of 1% per month on delinquent payments.

If Item 5 indicates a credit, the credit may be used for future advance payments, or may be refunded upon request in writing made within 20 days from the notification date. (See Sections 25-4-54(h), 25-4-51 and 25-4-132 Code of Alabama 1975 as amended.)

Date Notified: 12/06/2022

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Equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Dial 711 for TTY accessibility.

ANNUAL RECONCILIATION

Total annual benefit costs, minus annual advance payments paid to the department equals the annual amount due or the annual credit for the employer.



PAYROLL AUDITS



U.S. Department of Labor mandates that the state agencies conduct compliance audits.

Any registered employer in the state of Alabama is subject.

Employers are selected for audits either randomly or for cause.

OFFICE OF THE GOVERNOR

KAY IVEY
GOVERNOR



STATE OF ALABAMA

DEPARTMENT OF LABOR

FITZGERALD WASHINGTON
SECRETARY OF LABOR

December 14, 2022

Any School District
123 Main Street
Anytown AL 12345

ACCT#: 0123456789

Dear Employer:

Our computer programming has randomly selected your business for a record inspection. The authority for record inspection is Code of Alabama 1975, Section 25-4-116.

The inspection is scheduled for **Thursday, March 2, 2023 at 1:00 PM**, at your place of business. The inspection period covered is **2021**. The inspection will be conducted in an efficient manner and every effort will be made to keep distractions from your normal business operation to a minimum.

The following records are necessary for the inspection:

PRIMARY REQUIRED RECORDS	RECORDS THAT MAY BE NEEDED ON REQUEST
W-2's & 1099's	Cash Disbursements
New Hire Forms	Accounts Receivable
UC-CR-4s	Accounts Payable
940 and 941's	Petty Cash
Federal & State Income Tax Returns	Contracts & Invoices
Payroll records	Corporate Minutes
General Ledger	Bank Statements/Check Stubs
Cancelled Checks/Check Register	Financial Statements

Please call to confirm and/or reschedule the appointment time and place as soon as possible. We will be glad to address any questions or concerns you have prior to inspection.

Sincerely,

UI Field Deputy
Phone & Fax 334-954-0000
Email Field_Deputy@labor.alabama.gov

3216 4TH AVENUE SOUTH • BIRMINGHAM AL 35222
TELEPHONE 1-855-234-2856

AN EQUAL OPPORTUNITY EMPLOYER/PROGRAM
AUXILIARY AIDS AND SERVICES AVAILABLE UPON REQUEST TO INDIVIDUALS WITH DISABILITIES
DAIL 711 FOR TTY ACCESSIBILITY

25-4-116 OF THE CODE OF ALABAMA

“Every employing unit shall keep true and accurate work records containing such information as is necessary for the administration of this chapter. Such records shall be open to inspection and be subject to being copied by the director or his authorized representatives at any reasonable time and as often as may be necessary.....”



RECORDS NEEDED TO COMPLETE AUDITS

- W-2 forms & 1099 forms
- New Hire Forms
- Quarterly U.I. Tax Reports
- 941 forms & 940, if applicable
- Federal & State Tax returns, if applicable
- Payroll Records
- General Ledger
- Cancelled Checks/Check Stubs
- Cash Disbursements
- Accounts Receivable/Accounts Payable
- Petty Cash
- Contracts & Invoices
- Bank Statements
- Financial Statements
- Corporate/Board minutes



WHAT IS THE PURPOSE OF A PAYROLL AUDIT?

- To ensure compliance with Unemployment Law
- To ensure all wages are properly reported in the quarter paid
- To ensure all wages are reported properly and detect any mathematical and/or data entry errors
- To ensure all workers are properly classified
- To ensure employers are properly registered and ownership is properly reflected





CONTACT INFORMATION

Charlotte H. Lackey, Chief of Tax

Phone: 334-954-7765

Email: charlotte.lackey@labor.alabama.gov

