OREGON ACCOUNTING MANUAL

Subject:	Accounting and Financial Reporting	Number:	45.05.00
Division:	State Controller's Division	Effective date:	March 1, 2007
Chapter:	**Payroll**		
Part:	**Regular Pay Days**		
Section:			
Approved:	John Radford, State Controller	Original signature on file in SCD	

Authority **ORS 652.120**

Scheduled Paydays

.101 Payrolls will be processed by Oregon Statewide Payroll Services (OSPS) to ensure compliance with ORS 652.120, that no more than 35 days elapse between paydays. Paydays are the first and fifteenth day of each calendar month. If a payday falls on a holiday or a weekend, checks will be issued and direct deposits will be effective on the last working day prior to the first or fifteenth day of the month. New Years Day is a payday and checks will be dated January 1, but direct deposits will be effective the first banking day following that holiday and direct deposit statements will be dated accordingly.

New Employees

.102 Salaried employees who are officially employed prior to the processing cutoff date published in the OSPS statewide payroll calendar will receive wages calculated on a forecast basis on the first day of the month or other day as described above.

.103 Hourly employees are paid semi-monthly and receive pay for actual hours worked through an agency defined cutoff date (usually about the fifteenth and the last day of the month), on the first and fifteenth day of the month, or on such other day as described above.

.104 Salaried and hourly employees, whose employment begins after payroll cutoff, but before the first of the month, will receive payment for actual hours worked through month-end no later than the fifteenth of the month following.

Agency Time Systems

.105 Oregon State Payroll Application (OSPA) users who upload time information from an agency owned time and attendance system must configure their system and set processing schedules according to the deadlines established on the statewide payroll processing calendar in order to meet processing deadlines.

OREGON ACCOUNTING MANUAL

Subject:	Accounting and Financial Reporting	Number:	45.06.00
Division:	State Controller's Division	Effective date:	March 1, 2007
Chapter:	**Payroll**		
Part:	**Sick Leave Balances at Retirement**		
Section:			
Approved:	John Radford, State Controller	Original signature on file in SCD	

Authority **ORS 238.350**
OAR 459-017-0060

Sick Leave Balance Expiration

.101 When a state employee retires, the employing agency shall report all accumulated unused sick leave to the Public Employees Retirement System (PERS). Thereafter, the unused sick leave is no longer available to a retiree who is reemployed or rehired, in any appointment or position, by the State.

.102 This provision applies to all unused sick leave hours that are reported to PERS. Under no circumstances can reported hours be restored to a retiree, regardless of the specific retirement option elected by the individual (including disability retirement) or the type of appointment or position filled upon reemployment or rehire.

.103 At retirement, an employee's sick leave balances shall be:

a. Entered into the Oregon State Payroll Application (OSPA) clearing account;

b. Documented as "retired" in the comment field; and

c. Flagged to be adjusted to zero at 60 days following the date of retirement.

Recoupment of Benefit Overpayment

.104 Any agency that discovers it has restored sick leave hours to a retiree must take the following steps:

a. Immediately remove any remaining sick leave hours restored to the employee's account following reemployment or rehire;

b. Change the employee's status to leave without pay for absences where the employee applied restored sick leave hours to cover the absence; and

c. Notify the employee of any amount of benefits to be repaid and adhere to applicable policy or the relevant collective bargaining agreement to recoup such amounts.

OREGON ACCOUNTING MANUAL		Number 45.07.00
Oregon Department of Administrative Services State Controller's Division	**Policy**	Effective Date February 1, 2002
Chapter **Payroll**		.1 OF .3
Part **Time Record Approval**		
Section		Approval Signature on file at SCD

Authority **291.015**
291.990
293.295
293.590
292.010
292.036
Designated HRSD Policies

Time and Attendance Review and Approval

.101 This policy establishes standards of **accountability** and **internal control** to ensure that all time records are appropriately reviewed and approved by agency management. Generally, this responsibility is delegated to those who are staff supervisors, and for the purpose of this policy the term "supervisor" will be used to indicate the responsible party. Agency heads shall create, maintain and administer written policies and procedures that ensure conformance to this policy, DAS Human Resources Services Division (HRSD) policies and, if applicable, collective bargaining agreement provisions that address employee pay.

.102 The accuracy of paychecks and payroll related payments as well as the data integrity of leave balances and associated accounting transactions and records are dependent upon the accuracy of the time and attendance records. Whether a paper timesheet, an agency specific time and attendance system, or an Oregon State Payroll Application (OSPA) time and attendance system is used, agencies must ensure the review and approval of the data that becomes the basis for and the documentation of the payroll **expenditure**. The approval is the supervisor's affixed or electronic signature. Agency administration is responsible for ensuring that this policy is followed throughout the agency and that alternate reviewers are designated for when supervisors are absent from work.

.103 Payroll transactions are no different than any other agency expenditure and require the application of the same standards of internal control, the basis for which is defined in Chapter 10 of the Oregon Accounting Manual.

Approval Roles

.104 State employees are expected to prepare and present accurate and timely documentation of their time and attendance dependent upon their status under the Fair Labor Standards Act (FLSA). DAS HRSD Policy 20.005.20 provides guidelines for application of the FLSA. Employees are classified in the State's personnel system as either covered by or exempt from the FLSA, and that information is electronically passed into the OSPA. The requirement to report actual hours worked or the eligibility for compensatory time or overtime is dependent upon the FLSA status or the collective bargaining agreements for represented employees.

.105 The OSPA, in the monthly Run 1, processes payroll for salaried employees based on a forecast of the hours the employee is expected to work. The processing of the monthly Run 2 is to perfect the data used in the forecasted Run 1 based on the introduction of actual time records. Hourly employees are paid from Run 1 and Run 2 based on the hours recorded on their timesheets. The Bureau of Labor and Industries clarifies that even if an employee does not submit a time report, the employer must pay the employee, ensuring that no more than 35 days elapse between pay days.

.106 The supervisor is responsible for the review and approval of all employee time records. Supervisors shall ensure that time records are reviewed timely in accordance with the State's official payroll calendar or any applicable agency specific payroll processing calendar.

Standards for Time Record Review

.107 Supervisors must review all entries on the employee's time record. The review should consider each time element reported as well as considering time elements not reported. If errors are detected on the time record, the supervisor must coordinate with the employee to correct the time record timely according to the payroll calendar. The supervisory review should consider:

a. Regular Hours. Time that the employee is actually on the job is regular hours and may have the addition of differentials or other added pay components. The supervisor must ensure the accuracy of this time.

b. Vacation Hours. The time record should be reviewed for the presence or absence of vacation hours consistent with actual hours the employee may have taken or neglected to record. Review this time to ensure consistency with HRSD Policy 60.000.05, Vacation Leave, and any applicable collective bargaining agreements.

c. Sick Leave Hours. The time record should be reviewed for the presence or absence of sick leave hours consistent with actual hours the employee may have taken or neglected to record. Review this time to ensure consistency with HRSD Policy 60.000.01, Sick Leave, and any applicable collective bargaining agreements.

d. Holiday Hours. While the OSPA forecasts holiday time based on an employee's work schedule, those days should be reviewed for time that may have been actually worked on the holiday and any applicable premiums. Additionally, for those employees who work a schedule other than an 8 hour day, the holiday entries should be reviewed for the addition of vacation hours or compensatory time added to the allowable holiday hours to fill the deficit between the holiday hours allowed and the scheduled hours. Review this time to ensure consistency with HRSD Policy 60.010.01, Holidays, and any applicable collective bargaining agreements.

e. Special Paid Leave and Personal Business. The time record should be reviewed for the presence or absence of these leave hours consistent with actual hours the employee may have taken or neglected to record. Review this time to ensure consistency with HRSD Policy 60.000.10, Special Leaves With Pay, or any applicable collective bargaining agreement.

f. Vacation Payoff. The use of vacation payoff when the employee has been denied time off must be pre-authorized in writing and supervisors must not approve the time record without the presence of that pre-authorization. Vacation payoff that is associated with a transfer to another agency or termination from state service should be reviewed to ensure that it is consistent with the standards. In all of these circumstances, review this time against HRSD Policy 60.000.05, Vacation Leave, and any applicable collective bargaining agreements.

g. Exceptional Performance Leave or Recognition Leave Pay. This leave shall be granted using the criteria set forth in HRSD Policy 60.000.10, Special Leaves With Pay. This leave must be pre-authorized in writing and the supervisor must not approve the time record without the

presence of that pre-authorization. The time record should be reviewed for the presence or absence of these hours consistent with actual hours the employee may have taken or neglected to record.

h. Leave Without Pay. In the forecast payroll environment, leave without pay results in an overpayment to the employee. Any hours that an employee does not work that cannot be supported by sick or vacation leave balances or compensatory time becomes leave without pay and reduces the employee's salary. The time record should be reviewed to ensure the presence of these hours when applicable. Further, supervisors have a responsibility to report occurrences of leave without pay to their agency payroll office as soon as they become aware of that fact. Payroll staff may then prevent an overpayment by logging the LWOP hours on the Run 1 payroll. Review this time to ensure consistency with HRSD Policy 60.005.01, Leave Without Pay, and any applicable collective bargaining agreements.

i. Overtime and/or Compensatory Time Accrued. The time record should be reviewed for the presence or absence of these hours consistent with agency specific overtime authorization forms or other documentation. Review this time to ensure consistency with HRSD Policy 20.005.20, FLSA laws and applicable collective bargaining agreements.

j. Shift Differential. The time record should be reviewed for the presence or absence of these hours based on the employee's work schedule. Review this time to ensure consistency with HRSD Policy 20.005.10 and applicable collective bargaining agreements.

k. Other Situations. Supervisors should coordinate with their agency payroll staff for assistance and clarification of the appropriate pay codes to be used in situations or occurrences of military leave, jury duty, workers' compensation claims, Family Medical Leave, employees returning to work on light duty, time off for union business, employees whose hours are supported under a return to work agreement, situations of paid leave pending an investigation or other occasional situations. The review of the time record should include these pay codes and hours. HRSD Policy 60.000.10, Special Leaves With Pay, provides guidance on some of these leaves, some are governed by collective bargaining agreements, and some require coordination with the agency personnel office.

l. Changes and Adjustments. Supervisors are responsible for ensuring that any prior month time record adjustments or corrections are reported to the agency payroll office as soon as detected.

.108 Time records that have not been reviewed and authorized may introduce erroneous data into the state payroll and accounting systems and cause unauthorized expenditures of **state funds**. Failure to review and authorize time records is an inappropriate action by a person responsible for authorizing the expenditure. Agency management should apply the same standards and penalties for failure to review and authorize time records as those included in **OAM 10.40.00**, Internal Control – Expenditures, in the section titled Penalties for Inappropriate Action.

OREGON ACCOUNTING MANUAL

Subject:	Accounting and Financial Reporting	Number:	45.10.00.PO
Division:	State Controller's Division	Effective date:	February 27, 2008
Chapter:	**Payroll**		
Part:	**Voluntary Deductions**		
Section:			
Approved:	John Radford, State Controller	Signature on file at SCD	

Authority **ORS 292.036**
ORS 292.045 – 292.070
ORS 652.610

Purpose

.101 This policy describes the circumstances under which modifications will be made to the Oregon Statewide Payroll Application (OSPA) to process voluntary deductions from the pay of state employees.

Authorization to Create Deduction Codes

.102 Creating structure in the OSPA for the voluntary deduction of funds from state paychecks must be permitted in the Oregon Revised Statutes or in the Oregon Administrative Rules. Creating and maintaining the deduction code sets and reconciling the aggregate deductions and vendor payments using a publicly owned system must be an authorized use of public resources. In response to special circumstances, or an emergency condition, a voluntary payroll deduction code may be authorized by a mandate from the Governor or the Director of the Department of Administrative Services.

Method Used For Payment

.103 All voluntary deduction codes implemented in OSPA will utilize Electronic Funds Transfer (EFT) to transmit the deducted funds to the vendor or other recipient. Vendor requests for waiver of electronic payment methods must present compelling reasons to process payments using paper checks.

OREGON ACCOUNTING MANUAL

Subject:	Accounting and Financial Reporting	Number:	45.10.00.PR
Division:	State Controller's Division	Effective date:	February 27, 2008
Chapter:	**Payroll**		
Part:	**Voluntary Deductions**		
Section:			
Approved:	John Radford, State Controller	Signature on file at SCD	

Procedure to Establish a Deduction Code

.101 The organization, entity or agency proposing or requesting a new deduction contacts Oregon Statewide Payroll Services (OSPS) to request that a new deduction code be assigned. The requestor must specify if the deduction is to be limited to specific agencies. OSPS will evaluate the request and verify the permissions. If the deduction is permitted, OSPS will respond to the requestor and verify the date by which the code will be effective.

.102 When notified that the deduction code request has been approved, the funds recipient must, in writing, provide the information necessary to implement Electronic Funds Transfer (EFT) of the deducted funds. The following information is needed:

a. Complete business name and address of the recipient of the funds.

b. The name and address of the recipient's bank.

c. The American Banking Association (ABA) routing/transit number and the account number for the destination of the funds.

.103 OSPS will create the deduction code and notify the requesting entity and the agencies when the code is ready for use.

.104 The code and description will be added to the OSPS Reference Manual appendix of valid deduction codes.

Implementing Deductions from Employee's Pay

.105 The funds recipient will supply the agencies with deduction authorization forms to record the employee's permission to activate the deduction. Authorization forms must indicate the funds recipient, the monthly amount, the effective date of the deduction, length of time for which the deduction is authorized (either fixed term or permanent), a clear statement of authorization, and a place for the employee's full name, signature and the date the form was signed.

.106 Upon receipt of a signed authorization, the agency may activate the deduction code in OSPA. The agency must retain employee deduction authorizations in accordance with the state records retention schedule.

Authority **ORS 291.405**
ORS 291.407
ORS 292.026
ORS 292.036

.101 Agencies served by the **Oregon State Payroll Application (OSPA)** will reimburse the Joint Payroll Account and the Mass Transit Account for their respective payroll costs by pay day for each payroll processing run.

OREGON ACCOUNTING MANUAL		Number 45.15.00.PR
Oregon Department of Administrative Services State Controller's Division	**Procedure**	Effective Date August 15, 2001
Chapter **Payroll**		.1 OF .1
Part **Payroll Accounts Reimbursement**		
Section		Approval Signature on file at SCD

Authority **ORS 291.405**
ORS 291.407
ORS 292.026
ORS 292.036

.101 **Oregon State Payroll Services (OSPS)** prepares vendor and payroll checks and reports. The **Oregon State Payroll Application (OSPA)** transmits reports and provides the **Statewide Financial Management Application (SFMA)** reimbursement amounts.

.102 SFMA reimbursement amounts (accounts receivable) are reconciled by **Statewide Financial Management Services (SFMS)** Operations unit to the OSPA information by payroll run, taking into consideration timing options for payroll run 2. For agencies that need detailed information from their subsidiary system, OSPS provides a file of the payroll data to accommodate this need. It is the responsibility of the agency to reconcile the original total dollars from OSPA to the new SFMA interface file. SFMS Operations will also verify totals for these agencies to assure the SFMA accounts receivable agency totals equal the agency total payroll accounts payables.

.103 By **pay day**, all payroll information will need to be interfaced to SFMA so that SFMA can automatically reimburse the OSPS Joint Payroll Account. When agency funds are available (which should be no later than pay day), SFMA automatically reimburses the OSPS Joint Payroll Account for the appropriate amount based on the OSPA information.

.104 After SFMA receives the payroll information, it generates the appropriate Mass Transit contributions, which automatically reimburse the Mass Transit Account. For any agencies not on SFMA, OSPA generates the Mass Transit amount and creates a check, which is deposited into the Mass Transit account.

.105 If an agency's cash position does not permit prompt reimbursement of payroll and Mass Transit, a request for temporary delay should be sent to the State Controller.

.106 The request, signed by the agency head, should address the reasons for the delay, the expected payment date, the likelihood of future deficiencies, and the corrective action planned.

.107 It is not appropriate for an agency to postpone the liquidation of payroll payables without following the procedures identified in .105 and .106 above.

.108 SFMS Operations monitors receivable balances and reports to OSPS any outstanding reimbursements over 45 days old. OSPS reports outstanding reimbursements over 45 days old, by pay date and amount, to the State Controller and the Budget and Management Division administrator.

.109 The State Controller pursues delinquent accounts.

OREGON ACCOUNTING MANUAL		Number 45.17.00
Oregon Department of Administrative Services State Controller's Division	**Policy**	Effective Date August 15, 2001
Chapter **Payroll**		.1 OF .1
Part **Payroll Data Integrity**		
Section		Approval Signature on file at SCD

Authority **ORS 292.036**

.101 In order to protect payroll data integrity, agencies must reconcile their **Oregon State Payroll Application (OSPA)** reports to **Statewide Financial Management Application (SFMA)** and agency specific accounting systems.

.102 Agencies who make coding structure changes such as PCA or Index before batches are posted to SFMA or agency specific accounting systems must maintain an audit trail for those changes. The audit trail must consist of a record of before and after the changes and must be approved by agency management. The structure changes must reconcile to and balance with the source OSPA XREF report. The reconciliation should disclose or document proof that the results of the changes in SFMA and other accounting systems agree to the source documents. Further, those changes should be annotated upon the OSPA XREF report to create backup documentation that reflects the changes made to the SFMA batch. SFMA does not allow dollar amount changes to this information.

.103 While agencies have the ability to make PCA and Index changes in SFMA where there is a cost benefit, agencies should strongly consider making needed adjustments as separate adjusting entries only after the initial batch has been posted. This method of making PCA and Index changes creates a more precise audit trail.

.104 To accommodate some agency requirements where subsidiary systems house further allocation of staff time, OSPS provides a file of payroll data to the agency. This process does allow for total dollar changes. It is the responsibility of the agencies receiving these files to verify the final file totals the same amount as the original file produced by OSPA. Files with different totals create a serious agency lack of controls. Continued discrepancies between the total amount of the original file and the final file may jeopardize the use of this practice for the agency.

.105 **Statewide Financial Management Services (SFMS)** Operations has the responsibility to reconcile the OSPA payroll run information to SFMA accounts receivable information by agency. This reconciliation takes into consideration agency timing requests for the second payroll run.

OREGON ACCOUNTING MANUAL

Subject:	Accounting and Financial Reporting	Number:	45.20.00
Division:	State Controller's Division	Effective date:	February 27, 2008
Chapter:	**Payroll**		
Part:	**Cash Insurance Payments**		
Section:			
Approved:	John Radford, State Controller	Signature on file at SCD	

Authority **ORS 243.140**
ORS 292.036
ORS 293.590
ORS 743.530

Acceptable Forms of Payment

.101 Employee payments for medical and dental insurance under the Continuation of Benefits for Injured Workers (CBIW) or job protected leave under the Family Medical Leave Act (FMLA) or Oregon Family Leave Act (OFLA) will be made by money order, certified check, state warrant, Balanced Transfer (BT) or agency revolving fund check payable to the **Joint Payroll Account**.

Authority **ORS 292.033**
ORS 292.036
ORS 293.330
Various Collective Bargaining Agreements

.101 Salary advances in Oregon state government are provided to state employees under ORS 292.033 and various collective bargaining agreements as a means to provide employees with access to earned compensation in emergency situations. Providing salary advances is administratively costly and will be allowed only in financial emergency situations. If provisions of this policy conflict with provisions of a state approved collective bargaining agreement, the bargaining agreement will prevail.

.102 An emergency situation is defined as an unusual, unforeseen event or unavoidable condition that requires immediate financial resources by the employee. Emergencies include, but are not limited to the following circumstances:

a. Death in family necessitating unforeseen expenditures or travel.

b. Major car repair such as engine, transmission, or catastrophic failure (not to be confused with minor repairs, maintenance, tires, etc.).

c. Theft of cash representing major portion of most recent pay.

d. Automobile accident leading to loss of vehicle use.

e. Accident or sickness (self or family) requiring immediate substantial cash outlays.

f. Destruction or major damage to home requiring immediate substantial cash outlays.

g. New employee lack of funds (maximum – 1 draw).

h. Unreimbursed moving expenses due to transfer or promotion. This does not include personal moving situations such as purchasing a home or renting a different residence.

.103 Management's responsibility in approving pay advances should include appropriate documentation and a reasonable assessment of the request for conformance with emergency situations, labor agreements, and with Oregon law.

.104 Unless otherwise determined by the agency, it is not the responsibility of agency payroll officers to approve, disapprove, or enforce good management practices and the application of labor agreements with respect to pay advances. Payroll officers merely process the approved transaction.

.105 Payroll advances are not to be authorized or issued as short-term loans of state funds for frivolous purposes. It is management's responsibility to appropriately safeguard state assets balanced against the need for making prudent use of payroll cash advances to state employees for legitimate emergency situations authorized by law or labor agreement.

.106 Payroll advances are prohibited as a method of distributing earned compensation in advance of holidays, vacations, or other notable events.

Processing Through Agency Revolving Fund

.101 Agencies having their own means of preparing salary advances by issuing revolving fund checks:

a. Issue internal procedures governing salary advances in accordance with **45.25.00.PO** and applicable collective bargaining agreements.

b. Accept and pay requests for salary advance per agency procedures.

c. Make the necessary entry on the Oregon State Payroll Application (OSPA) deduction screen to ensure the salary advance is deducted from the employee's next regular paycheck.

Processing Through Oregon State Payroll Services

.102 Agencies who request Oregon State Payroll Services (OSPS) Support Services to prepare salary advance checks (including separation payments) must properly authorize those individuals who are permitted to approve pay requests.

a. Provide OSPS with a completed and signed form **75.45.01.FO**, **Authorized OSPA Signatures**. An agency administrator must sign the form. The administrator may designate an alternate to approve on his/her behalf. The designee may authorize and change subordinate signers on subsequent form submissions.

b. Each time a subordinate signer must be added, deleted, or changed, a new Authorized OSPA Signatures form is required. The administrator's designee may approve these changes.

c. Payroll advances will not be issued without a valid Authorized OSPA Signatures form on file in OSPS, nor will payment requests be accepted by OSPS from any person who is not an authorized signer.

.103 Salary advances are ordered as follows:

a. The requesting employee completes and submits to the agency form **75.45.02.FO**, **Request for Payroll Advance**, specifying the dollar amount of the requested advance. The employee must sign the request.

b. The request must be signed by the employee's supervisor and approved by an authorized agency signer.

c. The agency must review the request and verify that the reason for the request is in line with the provisions of any prevailing collective bargaining agreement or with OAM **45.25.00.PO**.

d. The agency must review to ensure that the dollar amount of the request does not exceed the maximum 60% of wages due as of the date of request taking into consideration any active involuntary withholding orders.

e. The request is forwarded to OSPS and will be processed and a check issued from the next available manual check run.

f. The employee may personally pick up the check only if the agency has pre-authorized the pick-up in writing to OSPS. The employee must present photo identification.

.104 Salary advances for separation payments are ordered as follows:

a. Presented as a printed copy of the P370, Calculation of Current Payoff screen.

b. Signed by an approved agency signer.

c. The request is forwarded to the OSPS office and will be processed and a check issued from the next available manual check run.

d. The employee may personally pick up the check only if the agency has pre-authorized the pick-up in writing to OSPS. The employee must present photo identification

OREGON ACCOUNTING MANUAL

Subject:	Accounting and Financial Reporting	Number:	45.30.00
Division:	State Controller's Division	Effective date:	June 29, 2007
Chapter:	**Payroll**		
Part:	**Dual Update Access to PPDB and OSPA**		
Section:			
Approved:	John Radford, State Controller	Signature on file at SCD	

Authority **ORS 240.145**
ORS 292.018
ORS 292.036

.101 As a matter of internal control, no individual will be authorized to have general update authority for employee records in both the Position and Personnel Data Base (PPDB) system and the Oregon State Payroll Application (OSPA).

.102 Any agency employee who has update authority to an agency owned and operated time and attendance application which interfaces data to OSPA is considered to have update access to OSPA. Update access is defined as the ability to create a time record for another employee; add, change, or delete hours to the time record of another employee; or enter any other transaction that would have an affect on the amount of money paid to another person. Employees with this level of access to the agency owned time and attendance application shall not have simultaneous update authority to the PPDB system. This does not include employees whose access to an agency owned time and attendance application is limited or controlled to only permit them to enter their own time or supervisors who validate or approve the time of subordinates.

OREGON ACCOUNTING MANUAL

Subject:	Accounting and Financial Reporting	Number:	45.35.00.PO
Division:	State Controller's Division	Effective date:	June 29, 2007
Chapter:	**Payroll**		
Part:	**Review of Gross Pay Adjustment Reports**		
Section:			
Approved:	John Radford, State Controller	Signature on file at SCD	

Authority **ORS 292.018**
ORS 292.022
ORS 292.036

Agency Responsibility

.101 Immediately following each payroll processing run and prior to the release of pay to employees, the Gross Pay Adjustment Reports (OSPS Reports B075-A and B075-B) produced during that run must be reviewed and approved (signed) by an agency manager who does not directly supervise the payroll unit. This review will be conducted in accordance with the guidelines in the accompanying procedure.

OREGON ACCOUNTING MANUAL

Subject:	Accounting and Financial Reporting	Number:	45.35.00.PR
Division:	State Controller's Division	Effective date:	June 29, 2007
Chapter:	**Payroll**		
Part:	**Review of Gross Pay Adjustment Reports**		
Section:			
Approved:	John Radford, State Controller	Signature on file at SCD	

Purpose

.101 This procedure provides state agencies with guidelines for reviewing the Gross Pay Adjustment Reports (OSPS Reports B075-A and BO75-B). It also provides information that will assist the reviewer in performing a meaningful review.

Assigning Review Responsibilities

.102 To ensure an effective and timely review, the agency must assign the review duties to a person who has time available to complete the review before payroll payments are released to employees.

Performing the Review

.103 The Gross Pay Adjustment reports display transactions that are increases or decreases to pay or are non-cash increases or decreases to year-to-date taxable income. The purpose of a Gross Pay Adjustment may be to issue pay or simply to record the non-cash value of a taxable fringe benefit. The payments or adjustments may be current month or retroactive.

.104 In order to perform a meaningful review, the reviewer needs to be familiar with the codes that will appear on the report. The following table provides detail for the most frequently used codes. The OSPS Reference Manual, Appendix B contains a complete listing of all active pay and leave codes and their explanations. The agency payroll office can facilitate the review by providing the most recent version of the code listing.

Code	Explanation of Use
RG	Regular pay. Adjustments may be plus or minus. May represent retroactive pay.
OT	Overtime. Plus or minus adjustments or retroactive payments.
VAP	Payment of vacation accrued balance at termination. May also be used to make payment of a 40 hour increment of vacation, when approved, to prevent loss.
CTP	Payment of compensatory time balance at termination or when employee reaches the maximum accruable limit. May also relate to employee requests for payment of all or a portion of their compensatory time balance.
IR	Cash payment to those who opt out of PEBB health insurance coverage.
DPT	Non-cash taxable amount added to the monthly taxable pay totals for those employees who have enrolled a domestic partner in PEBB insurance coverage.
MVN	Non-taxable moving expense reimbursements.
MVT	Taxable moving expense reimbursements.

MS	Non-cash taxable amount added to the monthly taxable pay representing meals that have been provided and qualify as a taxable fringe benefit.
MST and MSN	Taxable (MST) and non-taxable (MSN) meal allowance paid to an employee.
ER	Expense reimbursements. Permitted by OAM 45.40.00.PO.
PD	Board or commission per diems.
SVN	Non-cash taxable addition to monthly gross pay for use of a state vehicle to commute to and from the workplace when the vehicle is garaged at home.
DEC	Wages paid for a deceased state employee. Always paid as a Gross Pay Adjustment. May include RG and other pay types, vacation or compensatory time accrued balance, but will all be rolled up to the DEC code. Will be accompanied by companion code "RGD" that balances the entry.
Several Codes	Clothing, cleaning, boot and tool allowances. Most related to the provisions of a collective bargaining agreement. Refer to OSPS Reference Manual, Appendix B for the codes most often used at the reviewer's agency.

Monthly Differentials Generally Not Paid Through OSPA

.105 Codes that are used for the transfer of pay from the State's personnel system to the State's payroll system, in general, are not to be used for Gross Pay Adjustments other than negative adjustments that correct previous pay. The exception to that rule is the rare occasion when a monthly differential was not started timely and one or more months are paid retroactively as a Gross Pay Adjustment to quickly facilitate payment.

These differential codes are generally applied to an entire month's pay which differs from the hour-by-hour differentials that are paid through the Oregon State Payroll Application (OSPA). Using the PPDB (Position and Personnel Data Base) codes through OSPA overrides the controls that the two systems provide when used in tandem and may circumvent the human resources approval process for these types of pay. The presence of any of the following codes on the Gross Pay Adjustment report should prompt additional scrutiny, possibly including approval from the agency's human resources office.

Code	**Description**
ALC	Assistant Legal Counsel
BBW	Bridge/Boom Welder – Certified Bridge Worker – ODOT Only
BCL	Bridge Crew Lead worker
DBL	Bilingual Differential
EDD	Education Degree Differential
EMT	Emergency Medical Technician
EQD	Equity Differential – Department of Corrections Use Only
ETD	Electricians Trade Differential
FTO	Field Training Officer
GFI	F Incentive
GPD	Geographical Pay Differential
IAD	Internal Auditor Differential – Department of Justice Use Only
IPA	State Police
IPD	State Police
ISD	Institution Staff Deployment – Department of Corrections Use Only
LCD	License or Certification Differential
LID	Both License and Deployment – Department of Corrections Use Only
LWD	Lead Worker Differential
NPD	Nurse Per Diem – AFSCME Nurses at Oregon State Hospital Only
NSD	Non Security Staff Deployment – Department of Corrections Use Only
OPB	Market Differential
PCP	Primary Recruit Coach Differential – Oregon State Police Only
PLC	Pay Line Exception Compression

PLE	Approved Pay Line Exception/Selective
PTM	Presiding Tax Magistrate Differential – Judicial Use Only
SDU	Security Duties Differential
SED	Seasonal Employees Differential
SQ	Special Qualification Differential
TCD	Team Coordinator Differential – State Library Use Only
TLD	Team Leader Differential (IS Series)
TRT	Tactical Emergency Response Team
WID	Working with Inmates Differential
WMD	Weigh Master Differential
WOC	Work Out of Class

Report Correction, Approval and Retention

.106 Items identified during the review that appear to be unusual, potentially erroneous or otherwise questionable must be brought to the attention of the payroll staff, payroll manager or other manager who supervises the agency payroll function.

.107 After the Gross Pay Adjustment review has been completed and any necessary corrections have been made by the payroll office, the reviewer must sign and date the form to indicate approval of the report as presented or as corrected. The agency must retain the Gross Pay Adjustment Reports for four years.

OREGON ACCOUNTING MANUAL

Subject:	Accounting and Financial Reporting	Number:	45.37.00
Division:	State Controller's Division	Effective date:	June 29, 2007
Chapter:	**Payroll**		
Part:	**Review of Month End Leave Reports**		
Section:			
Approved:	John Radford, State Controller	Signature on file at SCD	

Authority **ORS 292.010**
ORS 292.016
ORS 292.022
ORS 292.036

Purpose

.101 This policy provides information to agency management on the effective use of leave balance reports and coordination with the agency payroll office as a means to manage the risk of payroll overpayments.

Payroll Processing

.102 The State utilizes an anticipatory payroll processing methodology. When Payroll Run 1 is processed, each salaried employee is paid on the basis of a monthly hours forecast derived from individual work schedules. Payroll Run 2 perfects the Run 1 by adding detailed information from the employee's timesheet, which may include leave hours taken.

.103 An employee who works less than the anticipated schedule and has insufficient leave balances to support the time away from work, may have been overpaid on Payroll Run 1. When Payroll Run 2 is processed, the calculation will result in a negative net pay condition representing the overpayment. For continuing employees, the overpayment will be collected automatically when the next Payroll Run 1 is processed. Employees who terminate after being overpaid may represent a collection problem for the agency. Continuing employees who frequently are in a leave-without-pay status could, as a result, be frequently overpaid.

Managing Risk of Payroll Overpayments

.104 Agency payroll offices receive detailed reports on leave accrued, leave used and ending balances around the 15th of each month when the leave accrual system updates employee leave balances following Payroll Run 2. Agency payroll offices must ensure timely distribution of leave reports to supervisors to facilitate the review process.

.105 Supervisors shall review the leave reports timely, paying particular attention to employees who have low balances of sick or vacation leave. Employees who have already used leave during the month may have depleted their leave balances. Employees who use leave or terminate during the last week of the month may not have enough leave to fully support those days away from work, creating a payroll overpayment. The supervisor shall immediately provide timesheet detail to the agency payroll office to determine what actions may be taken to prevent or correct a payroll overpayment.

.106 Because payroll is processed four working days prior to payday, the employee's paycheck may already be in process at the time they take leave or terminate. The supervisor must communicate immediately with the agency payroll office to manage the risk of overpayment. A payroll check can be cancelled and reissued for a lesser amount that reflects the missed workdays. For an employee who uses direct deposit, the paycheck cannot be cancelled, but an ACH cancellation may be requested up to the final ACH deadline, or an ACH reversal transaction may be attempted if the situation warrants that action.

.107 When an employee is regularly reporting leave-without-pay due to insufficient balances of sick or vacation leave available to support days away from work and that has resulted in more than one occurrence of overpayment, the agency must take immediate action to prevent a recurrence of the overpaid status and to protect against losses or costly collection procedures. The agency may temporarily cancel an employee's direct deposit participation to ensure the maximum amount of time available to make last minute pay corrections. Direct deposit may be restored once the employee accrues sufficient leave balances to support time away from work and the risk of overpayments has decreased.

OREGON ACCOUNTING MANUAL

Subject:	Accounting and Financial Reporting	Number:	45.40.00
Division:	State Controller's Division	Effective date:	February 27, 2008
Chapter:	**Payroll**		
Part:	**Reimbursement of Employee Expenses Through OSPA**		
Section:			
Approved:	John Radford, State Controller	Signature on file at SCD	

Authority **ORS 292.016**
ORS 292.018

Using OSPA to Pay Expense Reimbursements

.101 The Oregon Statewide Payroll Application (OSPA) has functionality to process transactions for the reimbursement of employee expenses. Using OSPA may be a cost efficient way to reimburse employees as long as the payroll schedule provides acceptable timing for the reimbursement. When this functionality is used, expenses must be documented and their payment approved by the supervisor or other staff member charged with approving such payments before the payment is entered into OSPA. The approval and documentation requirements are the same as would be required if the payments were processed through accounts payable.

Retention of Documentation

.102 The agency payroll unit will retain the supporting documentation for six years after the date of payment.

Authority: **ORS 292.018**
ORS 292.036

Purpose and Scope

.101 The purpose of this policy is to define what is appropriate for agencies to distribute along with payroll checks or direct deposit statements that are distributed to employees. The parameters of this policy take into consideration what is an appropriate part of the payroll business transaction as well as the costs associated with the distribution. This policy is applicable to all agencies that use the Oregon State Payroll Application (OSPA) to process payroll payments.

.102 A payroll payment is a business transaction between an employer and an employee. The delivery of the payroll payment, whether in the form of a paper check or a direct deposit statement, is the finalization of that regular monthly business transaction.

.103 While some agencies may manually deliver paychecks and direct deposit statements within the confines of a single building or office, other agencies incur costs to mail or ship individual or bulk packages of payroll payments across the State to field offices or institutions. Other agencies contract with the Department of Administrative Services (DAS) to insert paychecks or direct deposit statements into envelopes and may have the envelopes sealed and mailed. When an agency is requested to deliver materials “with paychecks”, that request may vary from one agency to another in terms of the process and/or the budgetary impact.

.104 In all cases, electronic distribution of materials and information, when possible, is preferable to the use of paper.

Materials Permissible to Distribute With Payroll Payments

.105 Allowable distributions of materials with payroll payments are limited to the items included in the list below. Each of these items has a direct relationship to payroll and employee benefits.

a. Information that defines or provides necessary payroll related information that is intended to help the employee fully understand their pay, deductions, or adjustments.

b. Timesheets and other documents related to the collection of time and attendance data.

c. Enrollment packets, newsletters, or other information that describes or offers employee benefits that are provided by the Public Employees Benefit Board (PEBB).

d. Enrollment packets, newsletters, or other information that describes or offers employee benefits that are provided by the Public Employees Retirement System (PERS) or the Oregon Savings Growth Plan (OSGP).

e. Information or pledge documents related to the annual Combined Charitable Fund Drive or the Governor's Food Drive.

f. Information and enrollment forms related to the direct deposit of payroll payments to bank accounts or stored value cards.

g. Other information not defined in this policy that pertains to or is unique to the agency's needs or mission, as authorized for distribution by the agency.

Materials Mandated to Distribute Statewide With Payroll Payments

.106 In response to special circumstances, or an emergency condition or occurrence, agencies shall distribute with payroll payments any item mandated by the Governor or the Director of the Department of Administrative Services.

DAS DEPARTMENT OF ADMINISTRATIVE SERVICES

Statewide Policy

OREGON ACCOUNTING MANUAL

Subject:	Accounting and Financial Reporting	**Number:** 45.50.00	
Division:	Chief Financial Office	**Effective date**: June 11, 2014	
Chapter:	Payroll		
Part:	Collection of Overpayment		
Approved:	George Naughton, Chief Financial Officer	Signature on file	

PURPOSE: This policy provides guidance on accounting and financial reporting for the collection of payroll overpayments

AUTHORITY: **ORS 292.063**

APPLICABILITY: This policy applies to all state agencies which use Oregon Statewide Payroll Services (OSPS) as their payroll services provider

POLICY:

101. By signing a time and attendance report (timesheet) either physically or electronically, an employee attests the accuracy and truthfulness of the report.

102. Overpayment of employees may occur due to late reporting of leave without pay, delayed personnel system, deduction or benefit transaction updates, or due to administrative error.

103. Following an overpayment, the payroll system generates a statement which the agency sends to the employee as notice of an overpayment.

104. Unless caused by administrative action or administrative error, overpayments are recovered in one lump sum except as provided in section 105 or 106, following.

105. Except as provided in a valid bargaining agreement, the employee has the right to make alternate arrangements to return an overpayment in monthly amounts provided that the following conditions apply:

    a. The amount of the overpayment exceeds 5 percent of the employee's monthly adjusted base pay;

    b. The employee has submitted accurate time and attendance information for the pay period in which the overpayment occurred; and either

        i. The employee demonstrates that an economic hardship would result for the employee if a lump sum repayment were to occur; or

ii. The overpayment occurred through no fault of the employee over two or more pay periods.

106. Nothing in this policy prevents an employee from agreeing to immediate repayment in one of the forms specified in the procedures portion of this OAM.

107. If an employee leaves agency service prior to full recovery of the overpayment, the agency will deduct the balance owing from the employee's final salary and wages.

PROCEDURES:

108. When an overpayment is discovered, the agency should determine the reason.

109. Document the amount and prepare a letter of notice using the example included below or a similar notice developed by the employing agency.

110. Except as provided in a valid bargaining agreement, provide notice to employee 10 calendar days prior to the final date on which the necessary entries on the deduction screen must be made. Giving 10 days' notice allows the employee sufficient time to question the accuracy or to request an alternative payment plan.

111. If the employee chooses to make immediate repayment, he or she may pay by money order, certified check, or personal check. If making installment payments the agency must make repayment by state warrant, Balanced Transfer (BT), or agency revolving fund check made payable to the Joint Payroll Account.

112. Employing agency must ensure full repayment to the Joint Payroll Account per ORS Chapter 292.

DATE:

TO:

FROM:

SUBJECT: Notice of Action to Recover Overpayment

Dear [Employee],

The department overpaid you $[amount] for the payroll period ending [date] due to [reason]. I have enclosed a corrected paystub for your records.

The department must collect the overpayment from you. The simplest way to return the money is to sign the form below; it authorizes us to deduct the overpayment from your next paycheck. You should send the signed form to [Payroll Clerk], at [address]. She/he must receive it (or a scanned or faxed copy) by [date]. If you send it electronically, also send the original through the mail.

[Payroll Clerk} also can explain other possible options for returning the money.

If you believe this action is in error, please send a written explanation to [Appropriate Person]

We apologize for the inconvenience of this situation, but we are here to help you through it. Please contact our office for additional information.

Regards,

[Appropriate Person]

Authorization For Payroll Deduction:

This is my authorization to have the (*insert agency name here)*_____ deduct overpayment in the amount of $_____ from my next paycheck.

Employee Signature _____ Date _____

Note: If you have made arrangements with the Payroll Manager to repay in installments, please indicate below the amounts and dates the repayment will occur by payroll deductions per your approval.

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