**Instructions for Penalty Fee Reimbursement Request**

*General Instructions*

To request reimbursement for penalties incurred by an employee as the result of under- or overpayment of wages related to the transition to Workday Payroll, employees shall complete the Penalty Fee Reimbursement Request Form[[1]](#footnote-1), attach the necessary documentation, and submit to their manager for approval. A separate Penalty Fee Reimbursement Request Form will need to be submitted for each month an employee is requesting reimbursement.

This reimbursement process has been developed as an accountable plan, allowing the reimbursements to be non-taxable. As such, reimbursement requests must be submitted in a reasonable timeframe and all excess payments must be returned in a reasonable timeframe.

The manager shall review the submitted form and supporting documentation for appropriateness, completeness, and accuracy, including verification from agency’s payroll personnel that an under- or overpayment occurred for the month in which the penalty was incurred, the manager[[2]](#footnote-2) shall sign the Penalty Fee Reimbursement Request Form signifying approval of the reimbursement. At that time, the Penalty Fee Reimbursement Request Form shall be sent to accounting for payment.

Employees are encouraged to retain a copy for their records.

*Instructions to Complete Form*

**Agency** – Enter the name of the employing agency.

**Employee** **Name** – Enter the name of the employee claiming reimbursement.

**Employee OR #** – Enter the employee’s OR number. If unknown, this can be located at the top of employee’s payslip.

**Pay Period Month and Year** – Enter the month and year for which the under- or overpayment occurred, based on the pay period, not the pay date. For example, underpayments for the December 2022 pay period, even though paid in January 2023, requesting employees would report in this field “December 2022”. One form should be submitted per month. Separate forms will need to be submitted for each month.

**Mailing address** – Enter the employee’s mailing address.

**Name of entity imposing penalty** – Enter the name of the bank, creditor, landlord, etc. that imposed the penalty. Rows may be added as necessary.

**Penalty type** – Identify the type of fee imposed by the entity identified in the previous step. Examples include non-sufficient funds (NSF), late fee, overdraft, etc.

**Date of Penalty** – Enter the date the penalty was imposed. NOTE: The date of the penalties will, in most cases, be the month following the pay period identified on the form. For example, underpayments for the December 2022 pay period, paid in January 2023, would likely identify penalties incurred in January 2023.

**Amount** – Enter the amount of the penalty incurred.

**Total Fee** – This is a calculated field; nothing should be entered here, however, if rows were added in previous steps, confirm the calculation includes all amounts reported.

**Supporting documentation** – *No documentation is required for the* ***first*** *instance within a month for a penalty of less than or equal to $35.00* as thisrepresents the average overdraft charge at financial institutions per the FDIC. All other reimbursement requests within the same month require documentation from the imposing entity. Electronic copies are acceptable for required documentation. Support for imposed penalties shall include:

* the employee’s name (in the case of nickname, different surnames, etc., employee may add clarifying note);
* the name of the entity imposing the penalty;
* the type of penalty;
* the date of the penalty; and
* the amount of the penalty.

**All other information should either be blocked or otherwise redacted to avoid unnecessary sharing of personal information.**

If any of the information above is unavailable, employee has the option to instead include a written statement describing why such information is missing and include other applicable documentation necessary to support the penalty incurred. Agencies shall apply good judgment and independent thinking when evaluating alternative documentation, ensuring it meets the requirements of OAM 10.15.00.PO *Internal Control: Transaction Documentation Requirements* and OAM 10.40.00 *Internal Control: Expenditures*

**Signature of Employee** – The Penalty Fee Reimbursement Request Form is required to be signed by the employee, along with adding their position title and date of signature.

With their signature, the employee is certifying that all amounts claimed reflect actual penalties imposed and are due to the transition to Workday Payroll and no penalty claimed has been reimbursed, dismissed, or reversed by any source.

**Obtain Payroll Verification** – The approver must verify via email with the agency’s payroll personnel that the employee seeking reimbursement experienced an under- or overpayment of wages for the month being claimed and that under- or overpayment was the result of the transition to Workday Payroll. The approver’s email request shall only include the employee’s name, OR number, and the month and year of the under- or overpayment claimed by the employee; the employee’s submitted Penalty Fee Reimbursement Request Form shall not be included in the verification. The response to the verification email must include the name and title of the payroll personnel performing the verification. The verification email will be attached to the approved Penalty Fee Reimbursement Request Form sent to accounting for payment.

**Signature of Approver** – Each Penalty Fee Reimbursement Request Form must be approved by management that has an appropriate level of expenditure decision authority applicable to the employee, amount, and PCA. The approver’s signature should only occur after all forms and supporting documentation have been reviewed for appropriateness, completeness and accuracy.

**Coding Block** – The agency shall add coding information as applicable and follow the disbursement process used at their agency. The Agency Object used must roll up to Comptroller Object 3129, *Wage Related Penalty Payment.*

It is the responsibility of the agency to determine the eligibility of this expenditure if using federal funds or other restricted funds, up to and including confirming with the funding provider as applicable. Otherwise, the agency’s state funds must be used for this reimbursement.

*Payment Process*

Reimbursement shall occur through SFMA and not Workday, and the reimbursements are not taxable to the employee.

If the employee needs to be setup in SFMA in order to process the payment, the Standard Employee Setup Process shall be used. Use of the One Time Payment Process is prohibited. Although this will prolong the reimbursement process, it provides a stronger internal control and enhances reporting.

*Payroll Verification*

Separate instructions have been created for payroll staff to perform verifications. They are available on the SARS website here: <https://www.oregon.gov/das/Financial/Acctng/Pages/Index.aspx>

*Template Letter to Entity Imposing Penalty*

A template letter has been developed that employees may request from their agency payroll office to share with the entity imposing the penalty. The template letter provides background about the cause of the under- or overpayment resulting in the penalty assessment and is maintained with the agency’s payroll office.

As part of the request, the employee shall provide all the pertinent information about the entity to receive the letter, which agency payroll leadership shall review for appropriateness. If approved, the letter shall be placed on agency letterhead, signed by payroll leadership, and sent to the entity or returned to the employee as appropriate.

Questions?: Contact Karen Williams from SARS at [karen.a.williams@das.oregon.gov](mailto:karen.a.williams@das.oregon.gov)

1. Agencies may create an equivalent form, convert to PDF, use electronic signatures, etc., consistent with their established agency business processes and needs, however, the process otherwise described in these instructions must be used. [↑](#footnote-ref-1)
2. Or other individual with appropriate expenditure decision authority for the employee’s position and PCA [↑](#footnote-ref-2)