


MANAGEMENT DIRECTIVE

Commonwealth of Pennsylvania Governor's Office

Subject: Payroll Advances	Number: 525.6 Amended
Date: September 16, 2013	By Direction of:  Charles B. Zogby, Secretary of the Budget
Contact Agency: Office of the Budget, Office of Comptroller Operations, Bureau of Commonwealth Payroll Operations, Telephone 717.772.5340	

This directive establishes policy, responsibilities, and procedures for payroll advances. This amendment updates policy and procedures for the use of the Bureau of Commonwealth Payroll Operations (BCPO) payroll advancement account and for processing payroll advances for failed or rejected direct deposits. Marginal dots are excluded due to major changes.

1. **PURPOSE.** To establish policy, responsibilities, and procedures for payroll advances.
2. **SCOPE.** This directive applies to all departments, boards, commissions, and councils (hereinafter referred to as "agencies") under the Governor's jurisdiction. Agencies not under the Governor's jurisdiction should adopt similar policy and procedures.
3. **OBJECTIVES.**
 - a. To ensure commonwealth employees receive timely compensation.
 - b. To reduce the likelihood of adverse financial effects for employees as a result of a missed, delayed, or significantly reduced salary or wage payment.
4. **DEFINITION. Payroll Advance.** A check issued to an employee from the BCPO payroll advancement account when salary or wage compensation earned has not been, or will not be, paid on a scheduled pay date.
5. **POLICY.**
 - a. **Payroll advances will be not issued to separated employees.**

- b. Payroll advances may be requested when:
- (1) A new hire, rehired employee, employee returning from leave without pay (LWOP), or employee transferring between agencies has not received a salary or wage payment within two weeks of a pay period ending date, provided a valid personnel transaction exists in the SAP Enterprise, Resource, and Planning System (SAP).
 - (2) An employee has not received a regular salary or wage payment, or such payment has been significantly reduced due to an administrative error.
 - (3) An employee's direct deposit of salary or wages has been returned to the Pennsylvania Treasury Department (Treasury) by the employee's financial institution.
 - (4) An employee's paycheck has been lost or stolen, provided a stop payment request on the lost/stolen paycheck confirms that the check has been stopped. BCPO will not issue a payroll advance for a lost or stolen check until Treasury confirms the original payment has been stopped.
- c. Payroll advances shall include only regular salary or wage hours due. Other compensation, such as overtime or shift differential, shall not be eligible for a payroll advance unless contractual agreements require payment of compensation other than salary and wages within given time periods.
- d. A payroll advance to an employee who has not received a salary or wage payment shall be equal to the net amount due, if known, or a maximum of 60 percent of the earned gross salary or wages, excluding overtime and premium pay. A payroll advance to an employee whose salary or wage payment has been significantly reduced due to administrative error shall be equal to the difference between the reduced amount and the normal net amount due.
- e. A request for a payroll advance must be initiated by the affected employee and approved by the employee's agency human resources (HR) office or the Office of Administration, Office for Human Resources Management, Human Resources Service Center (HRSC) prior to submission to BCPO. **Payroll advances shall not be a substitute for prompt processing of personnel or time and attendance transactions.**
- f. Payroll advances approved by BCPO prior to the affected pay date shall be made payable for the affected pay date. Payroll advances approved after the affected pay date shall be made payable on the date of BCPO approval or, if after 3 p.m., on the next business day.
- g. The BCPO payroll advancement account may be used to reissue payments to the beneficiary or estate of a deceased employee, to change the payee name on a deduction item of a payroll check, to split a valid payment between two legitimate payees, and to make time-sensitive workers' compensation payments when ordered by referee, etc. Payroll advances for such actions must be supported by the appropriate justification and, if applicable, legal authority.

- h. Payroll advances shall be recovered through a deduction from the next subsequent payroll; if a Treasury replacement check has been issued for a lost or stolen check, payroll advances on those funds shall be recovered by depositing the Treasury replacement check into a commonwealth account.
- i. Payroll advances that cannot be recovered through a payroll deduction or by depositing a Treasury replacement check shall be turned over to the BCPO Receivables Section for collection in accordance with *Management Directive 315.8, Restitution of Overpayments and Collection of Employee Debts*.

6. RESPONSIBILITIES.

- a. **Employees** shall initiate requests for payroll advances.
- b. **Supervisors** shall review and submit requests for payroll advances, including Form BCPO-500, Request for Salary/Wage Advancement (Form BCPO-500), to the agency HR office or HRSC within one business day of receiving a request.
- c. **Agency Human Resources Offices** shall:
 - (1) Submit Enterprise Personnel Action Requests timely in order to minimize the need for payroll advances.
 - (2) Process time and attendance transactions promptly in order to minimize the need for payroll advances.
 - (3) Approve and coordinate payroll advances that result from time and attendance errors.
 - (4) Approve and coordinate payroll advances that result from administrative errors (applies only to those agencies not supported by HRSC).
- d. **Office of Administration, Office for Human Resources Management, Human Resources Service Center** shall approve and coordinate payroll advances that result from administrative errors for employees of supported agencies.
- e. **Agency Human Resources Offices and the Office of Administration, Office for Human Resources Management, Human Resources Service Center** shall:
 - (1) Process personnel transactions promptly in order to minimize the need for payroll advances.
 - (2) Complete and forward each Form BCPO-500 to BCPO within one business day of receiving the form.
 - (3) Notify affected employees of any administrative error that causes the employees to be eligible for a payroll advance; inform affected employees of any payments in process and the approximate pay date so each employee can determine if a payroll advance is needed.

f. **Office of the Budget, Office of Comptroller Operations, Bureau of Commonwealth Payroll Operations** shall:

- (1) Issue payroll advances upon receipt of agency HR office or HRSC approved requests that are justified, complete, and consistent with the policy in this directive.
- (2) Date payroll advances for the appropriate pay date.
- (3) Recover each payroll advance promptly by a deduction from the next subsequent payroll or by depositing a Treasury replacement check into a commonwealth account.
- (4) Collect, in accordance with *Management Directive 315.8, Restitution of Overpayments and Collection of Employee Debts*, payroll advances that cannot be recovered by a subsequent payroll deduction or by depositing a Treasury replacement check.

7. PROCEDURES.

a. **General Procedures for Payroll Advances.**

- (1) **Employee or Supervisor.** Enters the employee name, mailing address, and personnel number on Form BCPO-500 and submits the form to the agency HR office or HRSC.
- (2) **Agency Human Resources Office or the Office of Administration, Office for Human Resources Management, Human Resources Service Center.**
 - (a) Determines if the employee is eligible for an advance in accordance with this directive.
 - (b) Updates Form BCPO-500 with the employee's payroll information, the reason for the advancement, the type of personnel action involved (e.g., new hire, rehire, return from LWOP, or transfer), and the delivery information.
 - (c) Retains a copy of Form BCPO-500 in accordance with applicable records retention and disposition schedules and emails the form to the BCPO Payroll Processing email resource account (ra-bcpohradvances@pa.gov).
- (3) **Office of the Budget, Office of Comptroller Operations, Bureau of Commonwealth Payroll Operations, Payroll Processing Section.**
 - (a) Reviews Form BCPO-500 to ensure employee information, the reason for advancement, and delivery information have been provided.
 - (b) Calculates the appropriate advance amount and establishes the corresponding recovery amount(s) on the employee's SAP master record to deduct on the next payroll pay date.

- (c) Completes the pay processing portions of Form BCPO-500 and emails the approved form to the BCPO Reconciliation & Cost Distribution Section.
- (4) Office of the Budget, Office of Comptroller Operations, Bureau of Commonwealth Payroll Operations, Reconciliation & Cost Distribution Section.**
- (a) Reviews Form BCPO-500 to ensure all information required for processing the advancement has been provided.
 - (b) Creates the advancement document in SAP and adds the vendor number, purpose, SAP invoice document number, and posting date to Form BCPO-500.
 - (c) Forwards the form to the BCPO Payroll/Travel Advancements Section.
- (5) Office of the Budget, Office of Comptroller Operations, Bureau of Commonwealth Payroll Operations, Payroll/Travel Advancements Section.**
- (a) Reviews Form BCPO-500 to ensure all information required for processing the advancement has been provided.
 - (b) Creates the advancement check.
 - (c) Adds the SAP clearing document number and check number for the advancement check to Form BCPO-500 after the check is produced.
 - (d) Distributes the advancement check according to the instructions on Form BCPO-500.
 - (e) Retains a copy of Form BCPO-500 as supporting documentation for the payroll receivable due the commonwealth.
 - (f) Upon receipt of reimbursement from subsequent payroll, closes the advancement file by noting the amount, date closed, and deposit date on the copy of Form BCPO-500.
- b. Procedures for Payroll Advancements for Failed or Rejected Direct Deposits.**
- (1) Office of the Budget, Office of Comptroller Operations, Bureau of Commonwealth Payroll Operations, Payroll Processing Section.**
- (a) Reviews the Treasury report of payroll direct deposits that have failed or have been rejected by employees' financial institutions.
 - (b) Contacts the appropriate agency HR office or HRSC to request correction of the bank information in SAP for employees listed on the Treasury report.

(2) Agency Human Resources Office or the Office of Administration, Office for Human Resources Management, Human Resources Service Center.

- (a)** Notifies each employee whose direct deposit has failed or been rejected that the employee's bank information must be updated in SAP.
- (b)** Notifies the BCPO Payroll Processing Section when the employee's bank information has been updated.

(3) Office of the Budget, Office of Comptroller Operations, Bureau of Commonwealth Payroll Operations, Payroll Processing Section.

- (a)** Prepares Form BCPO-500 and verifies that the employee's bank information has been updated in SAP.
- (b)** Forwards Form BCPO-500 to the BCPO Payroll/Travel Advancements Section.

(4) Office of the Budget, Office of Comptroller Operations, Bureau of Commonwealth Payroll Operations, Payroll/Travel Advancements Section.

- (a)** Reviews Form BCPO-500 to ensure all information required for processing the advancement has been provided.
- (b)** Upon notification that funds from the failed or rejected direct deposit have been returned to Treasury, creates the advancement document in SAP and adds the vendor number, purpose, SAP invoice document number, and posting date to Form BCPO-500.
- (c)** Creates the advancement check.
- (d)** Adds the SAP clearing document number and check number for the advancement check to Form BCPO-500 after the check is produced.
- (e)** Distributes the advancement check according to the instructions on Form BCPO-500.
- (f)** Retains a copy of Form BCPO-500 as supporting documentation for the payroll receivable due the commonwealth.
- (g)** Upon receipt of funds from Treasury closes the advancement file by noting the amount, date closed, and deposit date on the copy of Form BCPO-500.

c. Procedures for Payroll Advances on Lost or Stolen Checks.

- (1) Employee or Supervisor.** Enters the employee name, mailing address, and personnel number on Form BCPO-500 and submits Form BCPO-500 to the agency HR office or HRSC.

(2) Agency Human Resources Office or the Office of Administration, Office for Human Resources Management, Human Resources Service Center.

- (a) Updates Form BCPO-500 with the employee's payroll information, the reason for the advancement, the type of personnel action involved (e.g., new hire, rehire, return from LWOP, or transfer), and the delivery information.
- (b) Prepares Form BCPO-3205, Request for Replacement or Photocopy of Payroll Check (Form BCPO-3205).
- (c) Emails both forms to the BCPO stop payment resource account (ra-bcpo_stop_payment@pa.gov).

NOTE: The employee, supervisor, agency HR office, or HRSC must contact BCPO when a check previously reported as lost or stolen is found. BCPO will provide instructions for disposition of such check(s). The employee must not attempt to cash the check without authorization from BCPO.

(3) Office of the Budget, Office of Comptroller Operations, Bureau of Commonwealth Payroll Operations, Deduction Accounting Section.

- (a) Prepares and submits a stop payment notice and a check replacement request to Treasury for the lost or stolen check.
- (b) Upon confirmation from Treasury that the check has not been cashed, enters "replacement check" as the repayment method on Form BCPO-500 and forwards the form to the BCPO Payroll/Travel Advancements Section.

(4) Office of the Budget, Office of Comptroller Operations, Bureau of Commonwealth Payroll Operations, Payroll/Travel Advancements Section.

- (a) Issues an advancement check, following the same procedures in section 7.b.(4) of this directive.
- (b) Receives the payroll replacement check from Treasury as requested, affixes the required restrictive "Endorsement Guaranteed" stamp, and deposits the check to reimburse the BCPO payroll advancement account.

This directive replaces, in its entirety, *Management Directive 525.6*, dated August 29, 1996.