

## AUDIT PLAN

### Pay Practices – Work-out-of-class and Leadwork - 2008

#### AUDIT PURPOSE AND SCOPE

In this audit we will review state agencies' use of certain types of pay practices. We will verify compliance with Oregon statute, administrative rule, Human Resource Service Division (HRSD) state policy, and/or collective bargaining agreement (CBA). This audit will focus on two types of pay practices: work-out-of-class and leadwork.

#### REFERENCES

**ORS 240.215; 240.217; 240.235; 240.240; 240.245; and 240.250** discuss classification and compensation plans and the application of the chapter to classified, unclassified, management, and exempt categories of service.

**ORS 240.321 (2) – “Collective bargaining; effect of collective bargaining agreements on personnel rules; grievance procedures”** states, in relevant part, “Notwithstanding any of the provisions of ORS 240.235, 240.306, 240.316, 240.430 and 240.551, employees of state agencies who are in certified or recognized appropriate bargaining units shall have all aspects of their wages, hours and other terms and conditions of employment determined by collective bargaining agreements between the state and its agencies ....”

**HRSD State Policy 20.005.10 – Pay Practices** states, in Section 1, “The state of Oregon, through the establishment of Department of Administrative Services, Human Resource Services Division policies or via policies approved by the Division or subject to audit, shall provide for the equitable and consistent administration of pay.”

- **20.005.10 Section (1)(a)(M)(i)(a)** provides that a work-out-of-class assignment is generally for a period of 10 consecutive calendar days or more. For work-out-of-class assignments not pending reclassification, pay is normally set at the greater of 5%, or the difference between the employee's base rate and the first step of the work-out-of-class range. For work-out-of-class assignments pending reclassification, the difference between the employee's base rate and the first step of the work-out-of-class range.
- **20.005.10 Section (1)(a)(M)(i)(b)** provides that the agency HR representative should affirm the assignment qualifies as work-out-of-class before payment is made by verifying that the duties support the higher-level classification and then documenting the decision.
- **20.005.10 Section (1)(a)(M)(i)(d)** prescribes the documentation requirements when work-out-of-class has been deemed appropriate.
- **20.005.10 Section (1)(a)(M)(1)(f)** clarifies the basic application standard for the duration of a work-out-of class assignment. Generally, work-out-of-class assignments will be for 12 months or less, and should not go beyond the budget cycle in which they are initiated. For a work-out-of-class assignment pending reclassification or resolution of budget issues, the maximum duration is 24 months. For a work-out-of class assignment involving project work or other specific assignments with a clear and finite ending date, the standard duration is the identified ending date. Assignments that are expected to exceed these standards should be evaluated for alternatives to work-out-of class.
- **20.005.10 Section (1)(b)** references the addendum that prescribes the various pay differentials available to executive service, management service, and classified and unclassified unrepresented employees.

**HRSD State Policy 20.005.10 – Pay Practices, Pay Differentials Addendum (18)** specifies that “leadwork” duties apply to work assignments performed for 10 or more consecutive days provided that a) leadwork duties are not included in the class specification for the employee's position and b) the employee's position is not management service – supervisory. Leadwork duties must be assigned in

writing by the employee's supervisor, and authorized and signed by the Appointing Authority. To receive the pay differential, the leadwork duties must include all of the following: (1) prioritizing and assigning tasks to efficiently complete work, (2) giving direction to workers concerning work procedures and performance standards, (3) reviewing the completeness, accuracy, quality and quantity of work, and (4) providing informal feedback of employee performance to the supervisor. Leadwork differential does not apply to assignments made for development purposes, mutually agreed to between the supervisor and the employee. The differential is five percent (5%) of base salary.

**HRSD State Policy 20.005.10 – Pay Practices, Performance Standards** state that 100% of pay decisions shall be consistent with pay policies and set forth and maintained in writing, and 100% of employees receiving work-out-of-class pay must be within the standards.

**Collective Bargaining Agreements** have provisions relating to work-out-of-class and leadwork pay practices. These provisions may vary from the HRSD policies.

**AUDIT ELEMENTS AND METHODOLOGY**

Overall Methodology – We will use data from the Position and Personnel DataBase (PPDB). From this data we will select a random sample of employees who began receiving additional pay for work-out-of-class (WOC) or leadwork (LWD) between January 1, 2007 and December 31, 2007. The sample will be at least 10 percent of the LWD and WOC assignments, and will include at least one record for WOC and one for LWD for each agency. We will review the documentation for compliance under each element of the audit if an employee selected in the sample began receiving pay for both WOC and LWD in 2007.

1. Element – Ensure agency's use and documentation of WOC pay differentials is consistent with the established criteria and meets the standards contained in State Policy 20.005.10 – Pay Practices or applicable collective bargaining agreement (CBA).

Element Risk Assessment\* = 1

Methodology – We will examine the documentation provided by each agency for the selected record(s) to see if it supports payment of the WOC differential. We will also check to see if the differential amount and duration are within the standards and if the required documentation is on file. We will check this documentation for compliance with HRSD State Policy 20.005.10 or CBA, as applicable.

2. Element – Ensure agency's use and documentation of LWD is consistent with the established criteria contained in State Policy 20.005.10 – Pay Practices or applicable CBA.

Element Risk Assessment\* = 1

Methodology – We will examine the documentation each agency provides for the selected record(s). We will check to see if the duties are formally assigned for a period that meets the requirements of HRSD State Policy 20.005.10 or CBA, as applicable. We will also check to see that the duties are not included in the classification specification for the selected position. Finally, we will check to see if the differential amount is correct and if the required documentation is on file.

**SYSTEM DATA SOURCES**

- ✓ Report produced from data on the PPDB. For each agency it will include the following data fields:

- Agency number	- Employee Classification Number
- RDC code	- Employee Salary Range Number

- Employee name	- Employee Representation Code
- Employee Identification Number	- Work Classification Title
- Position number	- Work Classification Number
- Position Classification Title	- Work Salary Range Number
- Position Classification Number	- Work Representation Code
- Position Salary Range Number	- County, city code
- Position Representation Code	- Pay differential code (WOC, LWD)
- Authorization Number	- Pay differential amount or percentage
- Employee Classification Title	

ELEMENT RISK ASSESSMENT (ERA)

<b>1</b>	<p>Potential for <b>significant</b> monetary impact resulting from penalties or legal action or loss of productivity. There could also be the potential for a significant adverse impact on the health, welfare and/or safety of those served, or the public's perception of state government resulting from inappropriate expenditures and/or poor stewardship of public funds and resources.</p>
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For more information on Element Risk Assessments, please go to the HR Audit Program webpage at: [www.oregon.gov/DAS/HR/audit.shtml](http://www.oregon.gov/DAS/HR/audit.shtml). You can view the Corrective Action Plan and Follow-up Procedures Guidelines under "Program Documents."