

AUDIT PLAN
Pay Practices – Work-out-of-Class and Leadwork - 2007

AUDIT PURPOSE AND SCOPE

The purpose of this audit is to review state agencies' use of certain types of pay practices to 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 relevant part, “The State, through the establishment of Department of Administrative Services, Human Resource Service Division policies or via policies approved by the Division or subject to audit, shall provide for the equitable and consistent administration of pay.”

- (1)(a)(M)(i)(a) provides that a work-out-of-class (“WOC”) assignment is generally for a period of 10 consecutive calendar days or more. For WOC 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 WOC range. For WOC assignments pending reclassification, the difference between the employee’s base rate and the first step of the WOC range.
- (1)(a)(M)(i)(b) provides that the agency HR representative should affirm the assignment qualifies as WOC before payment is made by verifying that the duties support the higher-level classification and then documenting the decision.
- (1)(a)(M)(i)(d) prescribes the documentation requirements when WOC has been deemed appropriate.
- (1)(a)(M)(1)(f) clarifies the basic application standard for the duration of a work-out-of class assignment. Generally, WOC assignments will be for a maximum of 12 months, and will not go beyond the budget cycle in which they are initiated. A work-out-of-class assignment should not go beyond the budget cycle within which it was initiated. For a WOC assignment pending reclassification, 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.
- (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 (19) specifies that “leadwork” duties apply to work assignments performed for more than 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.

It further specifies that leadwork duties cannot be included in the classification specification for the employee's position. Leadwork duties shall include: (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. 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.

Collective Bargaining Agreements have provisions relating to work-out-of-class and leadwork pay practices.

AUDIT ELEMENTS AND METHODOLOGY

Overall Methodology – Data from the Position and Personnel DataBase (PPDB) will be used to select a random sample of employees who are receiving additional pay for work-out-of-class or leadwork between January 1, 2006 and December 31, 2006. The size of the sample will reflect at least 10% of an agency's WOC and LWD assignments, with a minimum of one record for each element for each agency. If an employee selected in the sample is receiving pay for more than one of the audited pay practices, the documentation will be reviewed for compliance under each element of the audit.

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

Element Risk Assessment* = 1

Methodology – Examine documentation provided by the agency or contained in the employee personnel file for the selected record(s). Check the current position description (PD) duties and the additional duties assigned to ensure they support a work-out-of-class pay differential. Identify if the differential amount and duration are within the standards and determine if the required documentation is on file.

2. Element – Ensure agency's use of Leadwork Differential (LWD) is consistent with the established criteria contained within State Policy 20.005.10 – Pay Practices or applicable collective bargaining agreement (CBA).

Element Risk Assessment* = 1

Methodology – Examine documentation provided by the agency or contained in the employee personnel file for the selected record(s). Check to ensure the duties are formally assigned for at least ten (10) consecutive calendar days and are not included in the classification specification for the selected position. Identify if the appropriate amount of differential is being paid and determine 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
- RDC code
- Employee name
- Authorization Number
- Employee Classification Number
- Employee Salary Range Number
- Employee Representation Code
- Work Classification Title

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

ELEMENT RISK ASSESSMENT (ERA)

1	<p>Potential for significant 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. Corrective actions assure compliance within 30 days and follow-up actions may include further analysis of the audit subject and/or agency human resource management practice application.</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. You can view the Corrective Action Plan and Follow-up Procedures Guidelines under "Program Documents."