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October 9, 1998

COMPTROLLER'S MEMORANDUM NO. 1998-32

TO: Heads of Departments

ATTN.: Payroll and Personnel Offices

SUBJECT: Clarification of Payroll Payment Policy for New Employees

The issuance of Comptroller's Memorandum No. 1998-15 dated June 12, 1998 entitled "Payroll Payment Policy for New Employees" has created the need to clarify the following issues to allow for the consistent implementation of the new procedures. The issues are:

1. A definition of the term "new employee" for payroll purposes only;
2. A blanket waiver of net salary assignment for employees who are employed less than six months or whose actual work days are intermittent or on an as needed basis; and
3. A method to determine what salaried "new employee" is being paid "after-the-fact" pay.

For payroll purposes only, a "new employee" is an individual who was not employed by any department or agency within the executive branch on June 30, 1998. Therefore, an individual who was previously employed by another jurisdiction (i.e., Judiciary, City & County of Honolulu, etc.) who begins employment with the executive branch on or after July 1, 1998 is considered a "new employee." An exception to the "new employee" definition is an employee who was employed within the executive branch on June 30, 1998 and who is reappointed on July 1, 1998.

With respect to the second item, an automatic waiver of the net salary assignment requirement is granted for "new employees" whose appointments do not last more than six months or whose actual work days are sporadic and intermittent and who have stated that they do not have a checking or savings account. Please note, this waiver does not prohibit these employees from bank assigning their net pay if they so desire. Upon termination of employment, all employees should be reminded that they must submit a cancellation of their bank assignments.

In order to facilitate the processing of the increased volume of the Salary Assignment Forms (State Accounting Form D-60), please instruct your staff to require all new employees to submit the form to your personnel or payroll office for review. The designated office should then alphabetize and

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forward the original copies to Central Payroll. The original SAForm D-60 should be submitted when the employee is placed on payroll to avoid the assignment from being rejected by the payroll system.

Finally, any termination action due to resignation, retirement, or death of a salaried employee will require departmental personnel to verify the effective date of hire by checking Item No. 48, Employment Date, of the employee's Form 5. The employment date should reflect the beginning of continuous employment within the State executive branch. If the employee was hired on July 1, 1998 or thereafter, the employee will have been paid on the "after-the-fact" basis. The confirmation of the effective date of hire has also been required by the passage of Act 169, SLH 1997 which changed the method of computing vacation pay upon termination for those employees hired after June 30, 1997.

Should there be any questions, please call Sheila K. Walters of our Pre-Audit Branch at 586-0650.

RAYMOND H. SATO
State Comptroller