

WEST VIRGINIA LEGISLATURE  
*Legislative Post Audit Division*

Building 1, Room W-329  
1900 Kanawha Boulevard, East  
Charleston, West Virginia 25305-0610  
(304) 347-4880  
(304) 347-4889 FAX



Denny Rhodes  
Director

August 21, 2016

The Honorable William Cole, President  
West Virginia State Senate  
Post Audits Subcommittee, Co-Chair  
Room 229 M, Building 1  
State Capitol Complex  
Charleston, WV 25306

The Honorable Timothy Armstead, Speaker  
West Virginia House of Delegates  
Post Audits Subcommittee, Co-Chair  
Room 228 M, Building 1  
State Capitol Complex  
Charleston, WV 25306

Dear Mr. President and Mr. Speaker:

My office received multiple questions and complaints from state employees regarding the manner in which annual increment payments were disbursed on July 28, 2016. (Increment pay is distributed to state employees who have three or more years of service each July. The payment is calculated by multiplying \$60 by the total number of years employed with the State of West Virginia.) In previous years, increment pay was fully deposited into each employee's primary bank account; however, due to the shift to wvOASIS, this is no longer the case. Now the State Auditor's Office processes the annual increment payment in the same manner as the bi-weekly pay check. The Legislative Auditor finds the State Auditor's Office insufficiently communicated the change to state agencies and state employees that transitioned to the bi-weekly pay system.

Since the disbursement of annual increment payments in the new wvOasis system is different than the legacy EPICS system and because the change was not communicated effectively to the employees, the employees were questioning why increment pay was being deposited into multiple bank accounts. Employees were concerned that they would not be able to retrieve those monies from the secondary bank accounts, as some may not have direct access to the account.

**The Processing of Annual Increment Disbursements**

In the processing of annual increment disbursements and semi-monthly payroll in the legacy system the two were treated separately. In the legacy system and in wvOASIS employees

can setup their regular paychecks to be deposited into primary and secondary accounts. In the legacy system these deposit instructions were not applied to the annual increment disbursement. The annual increment payment was processed independently of the semi-monthly payment parameters and thus an employee's entire annual increment payment was deposited into the employee's designated primary account.

In the processing of annual increment in the wvOASIS system, the employee's annual increment is deposited using the same deposit parameters as their regular bi-weekly paycheck. If the employee wishes to disburse the annual increment payment to only their primary account as was done in the past then the employee must change the deposit parameters for their regular paychecks. This change must also occur weeks before the annual increment payment and will remain in effect for weeks after the payment if the employee only wants to change the deposit location of the annual increment.

### **Twenty Nine Percent of State Employees Had Annual Increment Deposited into Multiple Accounts**

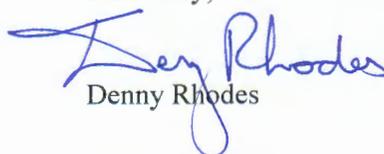
What did occur was the annual increment disbursement was processed in accordance with the net payment parameters set up by the employee for each pay check resulting in 4,391 individuals, or 29% of all employees receiving an annual increment disbursement, having their annual increment deposited into multiple accounts.

As employees set up deposit parameters for a multitude of reasons including separate accounts for mortgage or car payments, or possibly for alimony or child support payments to former spouses or other accounts not within their direct control. While most likely a minority of those impacted by the change in deposit procedures for annual increment, the possibility exists that some employees had portions of their annual increment deposited into an account that prevented them from retrieving their funds.

According to Deputy State Auditor, the wvOASIS system does not currently allow for the annual increment and the bi-weekly payroll to be processed the same as the legacy system in the baseline product. The Deputy Auditor also indicated the general awareness of payroll administrators regarding the change in disbursement for the annual increment payments; **however, based on the responses I have received from state agencies including the State Treasurer who stated, "no one in our office has received communication from wvOASIS or the State Auditor's Office pertaining to a change in increment distribution," there was clearly insufficient communication from the State Auditor's Office.**

The Legislative Auditor recommends that next year, the State Auditor communicate to state employees how the annual increment disbursements will occur along with the steps and timeframe required to deposit the annual increment disbursement into only the primary deposit location.

Sincerely,



Denny Rhodes