

PAYROLL: DAMAGE PAYMENTS FOR SERVICES PERFORMED BEFORE
STATE OATH OF ALLEGIANCE IS SIGNED

Contents

	<u>Page</u>
I. Introduction	2
II. Procedures	2
A. Criteria for Claim	2
B. Processing Claims for Payment	3
III. Reference	4
Exhibit I: Damage Payment Report of Services Performed Before Signing State Oath of Allegiance	5
Exhibit II: State Oath of Allegiance-Damage Payment Release	6

PAYROLL: DAMAGE PAYMENTS FOR SERVICES PERFORMED BEFORE
STATE OATH OF ALLEGIANCE IS SIGNED

I. INTRODUCTION

It is the policy of the University to make payment in the form of damages to a University employee who, without knowledge of the State Oath of Allegiance requirements, performs services for the University prior to signing the Oath of Allegiance. A damage payment constitutes settlement of a claim by an employee based upon University negligence, and is not compensation for services rendered.

This chapter provides the accounting and payroll procedures for processing damage payments to University employees.

II. PROCEDURES

A. CRITERIA FOR CLAIM

Damages may be claimed where all of the following conditions are met:

- 1) The employee entered into University employment in good faith, with no knowledge of the State Oath of Allegiance requirement.
- 2) He or she would have executed the State Oath of Allegiance prior to commencing University employment had the University advised him or her of the requirement to sign it.
- 3) He or she did, in fact, sign the State Oath of Allegiance upon learning of the requirement.

B. PROCESSING CLAIMS FOR PAYMENT

The following procedures are to be followed before a claim for damage payment can be settled:

<u>Responsibility</u>	<u>Action</u>
1) Employee	Submit claim for damage payment to employing department.
2) Department	Complete Damage Payment Report (Exhibit I) and Check Request (nonpayroll) for the gross amount to which the employee would have been entitled if he or she had been on the payroll in employment status.

The Check Request must charge the fund source to which charges for the appointee's salary would have been charged. The subbudget for Supplies and Expense (sub 3) must be charged; however, the department involved may request transfer of salary funds to cover the payment. The Damage Payment Report and the Check Request are sent to the Chancellor or appropriate administrative officer for review and approval. (Claims covering a period of 120 days or more must be approved by the Chancellor.)

No sick leave, vacation, or other benefits are accrued prior to signing the State Oath of Allegiance; prior to signing the State Oath of Allegiance, the appointee was technically not employed by the University.

II. PROCEDURES (Cont.)

B. PROCESSING CLAIMS FOR PAYMENT (Cont.)

- 3) Chancellor or Designated Officer Forward both forms to the campus accounting office after review and approval.
- 4) Accounting Office Review claim.¹ After final review, process the Check Request for payment. No deductions should be made for income or FICA/Medicare taxes, retirement, or any miscellaneous benefits; the payment is not subject to workers' compensation insurance or unemployment insurance. The payment should be tax coded 2 and, accordingly, should be reported for income tax purposes on Form 1099-MISC, Box 3, Other Income. Obtain a completed State Oath of Allegiance-Damage Payment Release form (Exhibit II) from the employee prior to releasing the damage payment. Retain this form as well as the Damage Payment Report in the employee's personnel file within the accounting office.

III. REFERENCE

- * President Kerr, Letter to the Chancellors and University-wide officers explaining the necessity of signing the State Oath of Allegiance, November 16, 1965.

Historical note: Materials in this chapter were formerly published in Business and Finance Bulletin A-45. Accounting Manual chapter first published 1/1/75. Revised 7/1/80, 3/1/90, 12/31/03, and 3/31/08; analyst—John Barrett.

¹ Claims covering a period of 120 days or more must be approved by the Chancellor.

PAYROLL: DAMAGE PAYMENTS FOR SERVICES PERFORMED
BEFORE STATE OATH OF ALLEGIANCE IS SIGNED

P-196-21

Page 5

ACCOUNTING MANUAL

EXHIBIT I



**DAMAGE PAYMENT REPORT OF SERVICES PERFORMED
BEFORE SIGNING THE STATE OATH OF ALLEGIANCE**

(To be completed by Employing Department)

		Reference No.	
		Campus	Date
Employee's Name (Last, first, middle initial)		Department	
Date Services First Performed Begin Date End Date / / / /	Date Oath of Allegiance Signed	Calculation of Payment and Amount (Total Hours x Hourly Rate = Amount Due)	
Explanation of Why Oath Was Not Signed Prior to Beginning Service			
<p>The policy of making damage payments in no way alters existing policy, based upon legal requirements, that taking the State Oath of Allegiance is a requirement of all prospective employees before commencing the duties of their University employment. It is the continuing responsibility of those involved in the hiring process to obtain properly executed oaths from all appointees and employees (except aliens) prior to the time they commence University service.</p>			
Department Approval Signed:	Title	Date	Telephone Ext.
<p>Note: Departments are requested to advise employees that damage payment is subject to Federal and State income taxes, although no tax is withheld. No sick leave, vacation or other benefits are accrued prior to signing the State Oath of Allegiance.</p>			
Chancellor/Administrative Officer Approval Signed:		Date	

Original: Employee's personnel file
Additional copies prepared at local option

Additional data may be requested on this form according to campus needs.

Retention: See Records Disposition Schedules

EXHIBIT II

STATE OATH OF ALLEGIANCE - DAMAGE PAYMENT RELEASE

(To be signed by recipient of damage payment)

I, _____, hereby accept in complete satisfaction of any and all claims I may have against The Regents of the University of California on account of services performed by me during the period from _____ through _____ the sum of \$_____.

I understand that this damage payment is subject to Federal and State income taxes, although no deductions for income tax have been withheld.

Dated: _____ Signed: _____

WITNESS:

Title

Copy 1: Employee's personnel file
Copy 2: Employee

Retention: See Records Disposition Schedules