Administrative Policy

Number:	P015
Effective:	04/07/2026
Supersedes:	N/A
Page:	1 of 6

Subject: SALARY ADVANCE AND PAYROLL ACCOUNTS RECEIVABLE MANAGEMENT

1.0. PURPOSE

To establish guidelines for administering salary advances—including payroll delay advances and hardship salary advances (Administrative Procedure 341)—and for managing payroll-related accounts receivable (AR) resulting from timing delays, advance repayments, or salary overpayments. This policy ensures compliance with applicable financial regulations, supports effective payroll and accounting operations, and provides clear procedures for issuing salary advances, converting advances to payroll-related AR balances when necessary, collecting outstanding amounts, and writing off uncollectable balances.

Payroll delay advances may be issued when salary payments are delayed by the State Controller's Office (SCO). Hardship salary advances (Administrative Procedure 341) may be granted on a case-by-case basis in accordance with established eligibility and approval criteria. This policy outlines the requirements for authorization, repayment, proper classification, collection, and write-off of payroll-related AR balances in alignment with CSU and Cal State LA financial management standards.

2.0. ORGANIZATIONS AFFECTED

All organizational units of the university responsible for payroll administration and accounts receivable management.

3.0. REFERENCES

3.1. State Administrative Manual (SAM) Section 8595, Salary Advances
3.2. State Administrative Manual (SAM) Section 8291, Accounts Receivable
3.3. State Administrative Manual (SAM) Section 8291.1, Billing and Accounting for Receivables
3.4. State Administrative Manual (SAM) Section 8293, Collecting Accounts Receivable
3.5. State Administrative Manual (SAM) Section 8160, Endorsements
  3.5.1. Government Code § 17050, Payments (no Power of Attorney required)
3.6. State Controller's Office (SCO) Payroll Procedures Manual (PPM) Section J 010, Criteria for Agencies/Campuses Removing Participants from Direct Deposit
3.7. CSU Accounts Receivable Management Policy (ICSUAM 03130.01)
3.8. CSU Legal Accounting and Reporting Manual, Chapter 28, Accounts Receivable
3.9. CSU Executive Order 731, Designation of Chief Financial Officer
3.10. CSU Executive Order 1000, Fiscal Authority and Responsibility
3.11. Education Code 89750.5, Expenditures and Control, Section C (allows CSU trustees to write off $1,000 or less that are deemed uncollectable without being forwarded to another state agency for discharge)
3.12. Cal State LA Administrative Procedure 341, Payroll Services

4.0. POLICY

4.1. Salary advances may be issued when Payroll Services confirms that a paycheck will not be generated on time due to SCO processing delays, for cases of documented financial hardship, or for other approved business or administrative reasons:

4.1.1. Advance amount may not exceed the net pay expected for the delayed warrant.

4.1.2. If the request is due to a financial hardship (see Reference 3.14, Cal State LA Administrative Procedure 341, Section 4.3, Salary Advance).

4.1.3. If the request is not hardship-related and is solely due to SCO processing delays or similar timing issues (e.g., Payroll-requested advance, garnishment-related processing, or difference for AR adjustment), employees should sign an "Acknowledgement Revolving Fund Check Release SCO Warrant Delay Salary Advance" (see Appendix 7.6) agreeing to:

4.1.3.1. Repay the full amount within three (3) business days after the individual has been notified that the SCO warrant has been processed through the university's procedures.

4.1.3.2. Have the balance automatically deducted from the next paycheck if unpaid by the due date.

4.1.3.3. Accept cancellation of Direct Deposit.

4.1.4. Signing the acknowledgement form is optional in cases where Payroll Services initiates the advance on behalf of the employee.

4.1.5. Direct deposit may be temporarily canceled, and a Notice of Direct Deposit Cancellation will be issued. Such actions are in accordance with SCO Payroll Procedures Manual Section J 010, which permits removal from direct deposit for salary advances and recovery of overpayments.

4.1.6. In accordance with SAM Section 8160 and Government Code Section 17050, a power of attorney is not required for the university to endorse and deposit a payroll warrant issued by the State Controller's Office that is payable to an employee for the purpose of recovering a salary advance previously issued by the campus. An authorized individual may endorse the warrant under the provisions of Government Code Section 17050, deposit the warrant under the provisions of Government Code Section 17050, deposit the warrant to reimburse the revolving fund, and remit any remaining balance to the employee, if applicable.

4.2. Any unpaid Salary Advance will be converted to a Payroll Accounts Receivable (AR) immediately upon issuance of the SCO payroll warrant or upon the close of the pay period in which repayment was expected, if the advance has not been repaid or otherwise recovered.

Collection Efforts Prior to Write-Off:

Before a salary overpayment AR balance is deemed uncollectible, the following collection steps must be taken in accordance with Chapter 28 of the CSU Legal Accounting and Reporting Manual (Accounts Receivable):

Days Since First Billed	Actions	Recommended Action	Applies to Amount
30 Days	First Notice	2nd Billing (Copy of Original Invoice)	All balances over $0
60 Days	Second Notice	3rd Billing	$26 and above
90 Days	Third Notice	Dunning Letter	$26 and above
120 Days	Demand Letter	Stronger Dunning Letter	$51 and above
150 Days	Referral	Administrative Action (Referral to FTB)	Over $90

Salary advance receivables are expected to be collected within one operating cycle (one fiscal year) due to the availability of payroll deduction and statutory collection mechanisms. If a salary advance receivable remains outstanding beyond one operating cycle, AR will evaluate collectability based on aging, documented collection efforts, and applicable statutory limitations in accordance with university policy.

Accounts Receivable (AR) balances due to overpayment are written off only when they fall into one of the following categories:

4.2.1. Active Employee – Individual AR with a balance of $25.00 or less

4.2.2. Separated Employee – Individual AR with a balance of $25.00 or less

4.2.3. Deceased Employee:

4.2.3.1. Unless the employee's designee is still owed their final pay

4.2.3.2. If employee's designee is owed employee's final pay, AR amount will be deducted from those funds prior to payout

4.2.4. Accounts Receivable balances that are deemed uncollectable (see Section 4.3)

4.3. In cases where salary overpayments are deemed uncollectable after exhaustive collection efforts, the university may proceed with a write-off. Determinations will be made based on the following criteria:

4.3.1. The employee is no longer employed by the university and no further payroll deductions can be made.

4.3.2. The outstanding balance is minimal, and further collection efforts are not cost-effective.

4.3.3. The applicable statute of limitations has expired, rendering the debt legally unenforceable.

4.3.4. All reasonable collection efforts, including notifications and demand letters, and referral to the Franchise Tax board when applicable, have been made without success.

Collection efforts must be initiated no later than three (3) years from the date of the overpayment. Once collection efforts are initiated, the overpayment shall be recorded and managed as an Employee Accounts Receivable (AR) until resolved or formally written off in accordance with university procedures.

Write-offs require appropriate approvals in accordance with the university's delegation of fiscal authority. Write-offs of uncollectable Accounts Receivable exceeding $10,000 require approval from the campus Chief Financial Officer (CFO). Amounts of $10,000 or less may be approved by the Associate Vice President for Budget, Fiscal Planning, and Accounting, University Controller, or equivalent administrator. All write-offs must comply with CSU Executive Orders, Education Code § 89750.5, and the CSU Legal Accounting and Reporting Manual.

4.4. Collective Bargaining Agreements (CBA) consideration:

The university must determine whether applicable Collective Bargaining Agreements (CBA) for represented employees contain specific overpayment collection provisions. The provisions of these contracts supersede any other collection procedures outlined in this policy. In the event of a conflict between these procedures and the CBA, the terms of the CBA shall govern.

5.0. DEFINITIONS

N/A

6.0. RESPONSIBILITIES

6.1. Payroll Services will:

6.1.1. Identify when a salary advance is required due to a delayed SCO warrant.

6.1.2. Verify eligibility for a salary advance and confirm the expected SCO payment amount.

6.1.3. Calculate the net salary advance amount and notify Accounts Payable (AP) to process the payment through the revolving fund. (NOTE: Acknowledgement Revolving Fund Check Release SCO Warrant Delay Salary Advance form should accompany as supporting document to AP.)

6.1.4. Monitor outstanding salary advances and reconcile reports provided by SCO.

6.1.5. Notify Accounts Receivable of the remaining balance due from the employee once the SCO warrant has cleared.

6.1.6. Issue three (3) overpayment notices (see templates in Appendices 7.1, 7.2, and 7.3) and initiate further collection steps in accordance with university collection procedures when a remaining balance is outstanding.

6.1.7. Refer unresolved balances to Accounts Receivable for further collection efforts or write off consideration.

6.1.8. Submit unresolved employee balances directly to the Franchise Tax Board (FTB) for tax offset processing when appropriate.

6.1.9. Track employee responses and payments, and coordinate with Accounts Receivable on unresolved cases.

6.1.10. Request the redepositing of any SCO applicable warrants.

6.1.11. Track and monitor all outstanding salary advances to ensure collection activities begin within the three-year limitation period.

6.2. Accounts Payable (AP) will:

6.2.1. Process and issue salary advance checks from the revolving fund based on instructions provided by Payroll Services.

6.2.2. Maintain the signed Salary Advance Acknowledgment form and all supporting documentation received from Payroll Services as part of the official transaction record.

6.2.3. Process salary advance void requests and provide confirmation of completion to Payroll Services and One-Stop Financial Services.

6.2.4. Retain all related documentation for reconciliation, audit, and record-retention purposes in accordance with university policy.

6.3. One-Stop Financial Services will:

6.3.1. Distribute salary advance checks in accordance with instructions provided by Payroll Services.

6.3.2. Retain copies of the “Acknowledgement Revolving Fund Check Release – SCO Warrant Delay Salary Advance” and the issued check for record-keeping purposes.

6.3.3. Apply the SCO warrant or payment to the Salary Advance/AR account based on instructions provided in the disposition from Payroll Services.

6.3.4. Obtain approval from the appropriate authorized authority to apply the SCO warrant in accordance with Payroll Services' disposition instructions.

6.3.5. Provide Accounts Receivable (AR) with a copy of the disposition.

6.4. Accounts Receivable (AR) will:

6.4.1. Issue demand letter for outstanding salary advance receivables.

6.4.2. Evaluate salary advance receivables deemed uncollectable after completion of collection efforts for potential write-off consideration. Prepare and submit write-off documentation for approval based on established thresholds in accordance with delegation of fiscal authority.

6.4.3. Ensure all write-offs include supporting documentation and necessary administrative approvals.

6.4.4. Maintain complete files for audit and compliance purposes, including all notices, correspondence, and approval records.

6.5. General Ledger (GL) will:

Prepare a monthly Salary Advance listing for payroll review and clearing based on balances recorded by the One-Stop Financial Services cashier and Accounts Payable.

7.0. APPENDICES

7.1. Sample Initial Overpayment Notices
7.2. Sample Second Overpayment Notices
7.3. Sample Third Overpayment Notices
7.4. Sample Demand Letter
7.5. Write-Off Request Form Template
7.6. Sample Revolving Fund Check Release Acknowledgment Form
7.7. Sample Notice of Direct Deposit Cancellation
7.8. Payroll Salary Advance and AR Management Process Flowchart