



Angelo State University
Operating Policy and Procedure

OP 50.05: Payroll Overpayment Policy

DATE: March 5, 2020

PURPOSE: The purpose of this Operating Policy/Procedure (OP) is to establish university policy and procedures regarding responsibility and recovery of payroll overpayments.

REVIEW: This OP will be reviewed in January every five years, or as need by the executive director of budget and payroll services, with recommendations for revisions forwarded through the vice president for finance and administration to the president by February 15th of the same year.

POLICY/PROCEDURE

Payroll Services is responsible for making timely accurate salary payments to institutional employees. On occasion, employees may be paid erroneously or improperly, more than is owed to them. Overpayments are legal debts owed to the university, and it is the policy of Angelo State University to pursue recovery in full, regardless of the amount overpaid, or how the overpayment occurred.

Overpayment, as used in the policy, means any inadvertent payment made through payroll to which an employee is not entitled. This can be from, but not limited to, excess wage and salary payments, because of an incorrect job appointment, and/or incorrectly reported hours, and/or potential salary advancements, if applicable.

1. Notification Process

- a. As soon as an overpayment is identified, the employee and/or department are required to provide written notification to Payroll Services (payroll@angelo.edu) to begin the overpayment process.
- b. Payroll Services provides official written notification to both the employee and department, along with a spreadsheet outlining the calculations of the overpayment, if requested. Notifications are sent by email to current employees and by certified mail to former employees.
- c. All official written notifications include:
 - (1) Employee's name
 - (2) Employee identification number (8xxxxxxx)
 - (3) Pay period(s) involved

- (4) Amount of overpayment
- (5) A brief explanation of the cause
- (6) A copy to the supervisor of record
- (7) A copy to appropriate dean or assistant vice president/vice president

2. Recovery Process

- a. Payroll Services will notify both the employee and department of the overpayment and the employee will have 14 calendar days from the date of the initial written notification to repay the overpayment in full.
 - (1) Acceptable forms of payment are cash, personal check, or money order. Checks and money orders are to be made payable to Angelo State University. All payments are to be delivered to Payroll Services.
 - (2) In the event the repayment is not received within 14 days of the initial written notification, employees will receive a second notification regarding the outstanding balance. Employees have 14 calendar days from the date of this notification to repay the overpayment in full. Overpayments not received in 14 calendar days from the second notification will be automatically recovered from the employee's next available payroll process(es).
- b. Employees are given the option of a one-time payroll deduction on the next available on-cycle payroll process. If over-payment amounts exceed the amount of the next available on-cycle payroll payment, Payroll Services will reduce subsequent paychecks until overpayments are paid in full.
- c. All overpayments must be paid in the same calendar year to ensure employee earnings and deductions are correct for current year W-2 purposes. Once overpayments are paid in full, Payroll Services will make all necessary corrections and adjustments to the employee's payroll history and credit the respective FOPAL(s) associated with the overpayment.

Note: In the event an overpayment is collected in a future year from when the overpayment occurred, the recovery amount will be the gross amount of the overpayment and no tax adjustments or W-2 corrections will be processed.

- d. If the employee has terminated employment, overpayment amounts are withheld from the employee's final paycheck and/or lump sum vacation payout, if applicable.
- e. All uncollected overpayment amounts are reported to the Texas Comptroller of Public Accounts in accordance with Texas Government Code Section 403.055.

3. Responsibilities

- a. Employee

- (1) Employees are responsible for regularly reviewing their earnings statement to ensure accuracy and for promptly reporting any discrepancies to their direct supervisor, department, and Payroll Services.
- (2) Employees are required to repay all overpayments promptly as required by state law, regardless of the source of the error.

b. Department/Supervisors

- (1) The home department is the department that appoints the employee on the electronic *Personal Action Form* (ePAF) and is responsible for coordinating the employee's employment if he/she is also employed by another university department.
- (2) Departments are responsible for regularly reviewing payroll registers and Human Resources reports to ensure accuracy and for promptly correcting discrepancies in appointments and/or hours reported.
- (3) Departments are required to notify the employee, Payroll Services, and Human Resources immediately upon discovery of an overpayment.
- (4) Departments are responsible for communicating directly with the overpaid employees, and ensuring overpayments are repaid in a timely manner.

c. Payroll Services

- (1) Payroll Services is responsible for calculating overpayment amounts.
- (2) Payroll Services is responsible for distributing official written notifications to employees and departments, along with overpayment spreadsheets outlining overpayment calculations if requested.
- (3) Payroll Services is responsible for making necessary adjustments to employee salary and deductions to ensure the W-2 is correct, and credit the associated FOPAL(s) as soon as the overpayment is paid in full.

If employees fail to repay, appropriate disciplinary action will be taken in accordance with Texas Government Code, Section 403.055 and the university's disciplinary policies and procedures.

4. Authoritative References

Texas Government Code Sections 403.055 and 666.002

5. Right to Change Policy

Angelo State University reserves the right to interpret, change, modify, amend, or rescind this policy, in whole or in part, at any time without notice to or consent of its employees.