



PAYROLL
Overpayment
Policy & Procedure

Overpayment Policy & Procedure

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Payroll Overpayment Policy & Procedure

.01 Policy Statement

To establish a payroll policy for SUNY Downstate Medical Center for identifying, correcting, and recovering salary overpayments to employees.

.02 Reason for Policy

Due to errors in processing an employee's leave time or salary earnings, a SUNY Downstate Medical Center employee may be overpaid. Overpayments, as a legal debt, must be promptly repaid to the Downstate Medical Center regardless of the origin of error and/or the dollar amount. This policy is intended to identify the appropriate procedure to seek collection of excess wage and salary payments.

Ref: Payroll Bulletin No. 470

http://www.osc.state.ny.us/agencies/pbull/agencies/2003_2004/bulet470.htm

.03 Definitions

"Overpayment" is defined as compensation paid to an employee in excess of the amount owed to them. For the purposes of this policy, overpayments also include voluntary and involuntary deductions.

"Repayment" is the process by which an employee or former employee returns the excess funds to the Office of The State Comptroller.

.04 Administration

Overpayments can result from inaccurate processing or delays in processing of pay-related information, inaccurate accrual payments upon termination, system failures, and human error. Regardless of the origin of error, there is a shared responsibility between the employee, Department RDD or Supervisor, Human Resources and Payroll to correct the errors and recover the funds in a timely manner.

Responsibilities

Employees are expected to review their salary payments each pay period for accuracy and promptly report any discrepancies to their supervisor. When overpayments have been identified, employees will work with Payroll to promptly repay the University the debt.

Department RDD or Supervisors are responsible for submitting a UP-Form and related forms to Human Resources. To that end, Department RDD or Supervisor are provided with a Payroll Report to assist in reconciliation and verification of salary payments. When a salary overpayment occurs, Department Representatives are expected to fully cooperate with and assist Human Resources and Payroll in efforts to recover funds in a timely manner.

Payroll Department is responsible for making timely and accurate salary payments to Downstate Medical Center employees. When an overpayment is identified, payroll will review system records to determine the source of the error and calculate the net overpayment amount, accounting for taxes and withholdings. *(Note - The employee is only required to repay the net amount if repayment is recouped within the same tax year. By federal law regulations, if repayment crosses tax years, the full gross amount must be repaid less Social Security, Medicare, retirement, and long-term disability variances.)*



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Payroll will manage the recovery process, including: correspondence, repayment arrangements, receipt of funds in compliance with Office of The State Comptroller's policies and initiation of collection processes in Payserv (OSC) .

Human Resources is responsible for maintaining accurate employee records. Payroll receives Personnel Transactions Forms (UP-Forms) from Human Resources.

Payroll Department will check the UP-Forms and the dates on the forms indicating when the employee status changed. The dates are checked to ensure no overpayments have been made to the employee. If an overpayment exists the amount of the overpayment is entered into PayServ (OSC) payroll system and explained in General Comments. The overpayment is immediately documented in the overpayment log.

Notice of Overpayment

Payroll will take appropriate action to correct any errors in the PayServ (OSC) system and begin the notification process. Active and terminated employees shall receive written notification through a form letter, via certified mail, return receipt requested to the individual's home address. The letter will include the following information:

- The amount of overpayment and its percentage
- The date(s) which the overpayment occurred
- The reason for the overpayment
- The employee/former employee's options for repayment

After an overpayment is entered into PayServ, a letter is sent to the employee informing him/her of the overpayment. The employee/former is requested to respond within 30 days. If the employee does not respond, a second/final notice is sent. If the employee does not respond to second notice within 30 days, the matter is referred to the Attorney General's Office.

For **Active employees** the deduction will begin on the following pay period and continue until the overpayment is recovered at (15 %) 15 percent of gross salary.

Correction to the employee's payroll and/or Human Resources record may occur prior to notifying the employee. Such action is taken to prevent future overpayment errors. However, no withholdings for the purpose of recouping funds will take place until after the employee has agreed upon the repayment method and provided Payroll with written authorization to deduct funds from his/her semi-monthly check.

Separated employees are referred to the Attorney General's Office.



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Positive relationships

The Payroll Department has established the above guidelines to ensure that a policy and process is in place for salary overpayments. Suny Downstate Medical Center is mindful that issues around “money” can pose a hardship for employees and may be difficult to address. Notification and recovery of all overpayment funds should be undertaken with discretion and in a manner that preserves the employee’s dignity.

Monitoring Overpayments

Payroll will send a monthly Overpayment Report to Finance department to reviewing the activity of all identified overpayment. This report is intended to monitor the status of outstanding debts and certify corrections where funds have been recovered.

.05 Enforcement

Violations of this policy by active employees may result in disciplinary action, up to and including termination. SUNY Downstate Medical Center reserves the right to take additional steps to recover overpayments, including filing the claim with a collection agency.

.06 Contact

Jennifer Del Rosario, Director of Payroll: Jennifer.DelRosario@downstate.edu

Richard Miller, VP and CFO of Finance: Richard.Miller@downstate.edu