

OREGON ACCOUNTING MANUAL

Subject: Accounting and Financial Reporting	Number: 45.50.00
Division: Chief Financial Office	Effective date: June 11, 2014
Chapter: Payroll	
Part: Collection of Overpayment	
Approved: George Naughton, Chief Financial Officer	Signature on file

PURPOSE: This policy provides guidance on accounting and financial reporting for the collection of payroll overpayments

AUTHORITY: **ORS 292.063**

APPLICABILITY: This policy applies to all state agencies which use Oregon Statewide Payroll Services (OSPS) as their payroll services provider

POLICY:

101. By signing a time and attendance report (timesheet) either physically or electronically, an employee attests the accuracy and truthfulness of the report.
102. Overpayment of employees may occur due to late reporting of leave without pay, delayed personnel system, deduction or benefit transaction updates, or due to administrative error.
103. Following an overpayment, the payroll system generates a statement which the agency sends to the employee as notice of an overpayment.
104. Unless caused by administrative action or administrative error, overpayments are recovered in one lump sum except as provided in section 105 or 106, following.
105. Except as provided in a valid bargaining agreement, the employee has the right to make alternate arrangements to return an overpayment in monthly amounts provided that the following conditions apply:
 - a. The amount of the overpayment exceeds 5 percent of the employee's monthly adjusted base pay;
 - b. The employee has submitted accurate time and attendance information for the pay period in which the overpayment occurred; and either
 - i. The employee demonstrates that an economic hardship would result for the employee if a lump sum repayment were to occur; or

- ii. The overpayment occurred through no fault of the employee over two or more pay periods.
106. Nothing in this policy prevents an employee from agreeing to immediate repayment in one of the forms specified in the procedures portion of this OAM.
107. If an employee leaves agency service prior to full recovery of the overpayment, the agency will deduct the balance owing from the employee's final salary and wages.

PROCEDURES:

108. When an overpayment is discovered, the agency should determine the reason.
109. Document the amount and prepare a letter of notice using the example included below or a similar notice developed by the employing agency.
110. Except as provided in a valid bargaining agreement, provide notice to employee 10 calendar days prior to the final date on which the necessary entries on the deduction screen must be made. Giving 10 days' notice allows the employee sufficient time to question the accuracy or to request an alternative payment plan.
111. If the employee chooses to make immediate repayment, he or she may pay by money order, certified check, or personal check. If making installment payments the agency must make repayment by state warrant, Balanced Transfer (BT), or agency revolving fund check made payable to the Joint Payroll Account.
112. Employing agency must ensure full repayment to the Joint Payroll Account per ORS Chapter 292.

DATE:

TO:

FROM:

SUBJECT: Notice of Action to Recover Overpayment

Dear [Employee],

The department overpaid you \$[amount] for the payroll period ending [date] due to [reason]. I have enclosed a corrected paystub for your records.

The department must collect the overpayment from you. The simplest way to return the money is to sign the form below; it authorizes us to deduct the overpayment from your next paycheck. You should send the signed form to [Payroll Clerk], at [address]. She/he must receive it (or a scanned or faxed copy) by [date]. If you send it electronically, also send the original through the mail.

[Payroll Clerk} also can explain other possible options for returning the money.

If you believe this action is in error, please send a written explanation to [Appropriate Person]

We apologize for the inconvenience of this situation, but we are here to help you through it. Please contact our office for additional information.

Regards,

[Appropriate Person]

Authorization For Payroll Deduction:

This is my authorization to have the (*insert agency name here*)_____ deduct overpayment in the amount of \$_____ from my next paycheck.

Employee Signature _____ Date _____

Note: If you have made arrangements with the Payroll Manager to repay in installments, please indicate below the amounts and dates the repayment will occur by payroll deductions per your approval.
