



County of Riverside  
OFFICE OF THE AUDITOR-CONTROLLER  
STANDARD PRACTICE MANUAL

ACO | AUDITOR  
CONTROLLER  
COUNTY OF RIVERSIDE

<b>SECTION:</b> 2		<b>SUBJECT:</b> Payroll Overpayments
<b>POLICY NUMBER:</b> 218		<b>CATEGORY:</b> Payroll
<b>EFFECTIVE DATE:</b> 7/1/13	<b>APPROVED BY:</b> <i>Paul Angelo</i>	

**PURPOSE:**

To specify the role of the Auditor - Controller's Office (ACO) and the role played by other departments when an employee has been overpaid.

**SCOPE:**

Applies to all County departments, agencies, special districts, and authorities — collectively referred to as "entities"— that are governed by the Board of Supervisors or that are considered part of the County reporting entity.

**POLICY:**

It is the policy of the Auditor Controller's Office to pay employees timely and accurately as well as process overpayments per Federal and State Law, Memorandum of Understanding's (MOU), and Salary Ordinance 440.

**PROCEDURE:**

The ACO Payroll Division will calculate the amount for the employee to repay taking all tax implications into consideration. Once the amount to be repaid is calculated either the ACO Payroll Division or the Department HR/Payroll Representative will notify the employee of the amount to be repaid by sending them a Repayment Agreement Letter.

**Methods of Repayment**

- Money Order
- Cashiers' Check
- Personal Check
- Payroll Deduction

If the employee makes the repayment by money order, cashier's check cash or personal check, payments are sent to the ACO Payroll Division for deposit and processing. Checks are made payable to the County of Riverside. Employee should include with the payment the signed and dated repayment letter indicating that they are choosing the option to pay by check.

If the employee decides to have a payroll deduction, the employee must return to the ACO Payroll Division the repayment agreement letter that has the selected payment option marked, signed, and dated by the employee.

Employee's Role:

- Determine the method of payment and return the signed and dated Repayment Agreement Letter to the ACO Payroll Division.

Department's Role:

- If there has been an overpayment of hours the Department HR/Payroll Representative should acquire an updated timesheet from the employee and process a prior period adjustment in the PeopleSoft time and labor module.
- If the overpayment is for another reason besides an overpayment of hours or a prior period adjustment and cannot be completed the PeopleSoft time and labor module, then the Department HR/Payroll Representative must submit a Repayment Calculation Request Form to the ACO Payroll Division.
- ACO Payroll Division will send notification of the overpayment to the employee. After a failed attempt at notification, the department will be instructed to notify the employee of the overpayment and provide a Repayment Agreement Letter to the employee identifying the overpayment, the amount to be repaid, and the terms for repayment.
- Repayment terms should follow the manner in which the employee was overpaid. If this is a hardship, departments can allow additional payments but must strive to collect overpayments prior to the close of the current calendar year.
- The Department HR/Payroll Representative must forward the Repayment Agreement Letter and/or the employee's payment to the Payroll Division for processing. Note-Departments do not deposit or post repayments.

ACO Payroll Division's Role:

- Verify the completeness of the Repayment Calculation Request Form and gather any documentation required.
- Calculate the amount to be repaid.
- Notify the Department HR/Payroll Representative, or the employee directly, of the amount to be repaid. Unless the department or Human Resources wants to make the initial contact with the employee, ACO Payroll Division will make the initial attempt to contact the employee by regular mail.
- Receive the signed Repayment Agreement Letter and process repayment accordingly.

**If Employee is submitting a payment:**

- Process the payment according to ACO Payroll Division procedures for **Incoming Checks**

**If Employee has authorized deductions from subsequent warrant:**

- Establish a general deduction using the code REPAY to deduct the payments. All payments are deducted after-tax except repayments for CalPERS retirement contributions and health premiums.
- Enter the REPAY amount in HRMS PeopleSoft.

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- Forward a copy of the Repayment Agreement Letter to the ACO Reconciliation team.

Update the employee's record to reflect the repayment.

a. Current Year Repayments

- i. If the overpayment and repayment occur in the current year, ACO Operations will update the employee's record in HRMS to reflect the repayment.
- ii. Upon completion of the repayment within the current year, the adjustment in HRMS to the employees record will credit back repaid amounts to the various departments through the payroll interface process.

b. Prior Year Repayments

- i. If the overpayment occurred in one year and was repaid in a subsequent year, the employee's record in HRMS cannot be updated.
- ii. Upon completion of the repayment, ACO Reconciliation team will distribute via a journal the repaid funds back to the department.
- iii. ACO reconciliation team will issue a W-2c when appropriate.

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