

Overpayments of salary

1. GENERAL

Although every effort is made to avoid overpayments, errors will inevitably occur and it will be necessary to recover payments made to staff by mistake. As always it is far **easier to prevent overpayments than to rectify them**, or, failing this, to identify them at an earlier stage to reduce the size of the problem to a minimum.

2. PREVENTING OVERPAYMENTS

Some rules:

(a) Ensure that salary changes involving reduction of hours, salary levels, job title, or the terminations are notified in plenty of time. **The majority of overpayments are the result of late notifications of changes.**

(b) Encourage staff to check their check stubs to ensure that expected changes have been put into effect. If not they must notify the school office and/or the payroll immediately. Staff do share responsibility for correct salary payments; overpayments are usually discovered and must be recovered. Delay simply magnifies the problem and makes resolution more difficult.

(c) Remember to confirm a termination by letter.

(d) The person doing the payroll and handing out the checks knows the most of about the employee's attendance and work dates. If they are receiving the last check double check with payroll that it has been calculated correctly.

3. RECOVERING OVERPAYMENTS

It is required that all efforts be made to recover overpayments of salary. The following procedure is followed:

(a) *Overpayments to Staff still in Service*

In these cases recovery is through deduction from salary. Whenever possible, this should follow a process of consultation and agreement. The procedure adopted is as follows:

- i. As soon as an **overpayment** is identified a statement of the amount involved is prepared by Payroll and the circumstances are investigated.

- ii. The employee involved is notified of the details; amount, and reason of overpayment and a suggested method for recovery. Normally this will be by deduction from salary over a period equal.
- iii. A copy of the overpayment is sent to the supervisor, Shirley Revels, Lisa Whitman.

(b) Overpayments to Staff who have Left Service

In these cases, recovery is via invoice. The procedure is as follows:

(i) As soon as an overpayment is identified a detailed statement of the net amount involved is prepared by Payroll and the circumstances investigated.

(ii) A letter/ invoice is sent to the individual giving details of the overpayment and the reasons for its occurrence copied to the HR and site supervisor. This includes dates, periods and the net amount involved. The ex employee is asked to make repayment.

(iii) Where no repayment is received the payroll department will pursue the debt initially by a reminder stating last noticed before referred for legal action. After 90-120 days the school board attorney will be contacted for assistance.

If this recovery process fails to achieve an acceptable result, the case is referred back to decide whether to take legal action or to write the debt off. Legal Action will include Solicitors letters and possible Court Action but will depend on the size of the debt and the cost effectiveness of further action.

Please see the following notation from federal regulations:



Please tell your employee that the wages paid in error in a prior year remain taxable to him or her for that year. This is because the employee received and had use of those funds during that year. The employee is not entitled to file an amended return (Form 1040X, Amended, U.S. Individual Income Tax Return) to recover the income tax on these wages. Instead, the employee is entitled to a deduction (or a credit, in some cases) for the repaid wages on his or her Form 1040 for the year of repayment.