Payroll Overpayments

University Payroll & Benefits (UPB)

Don Smith
Payroll Manager
Ground Rules

• Minimize distractions
• Turn off cell phones, PDAs, and pagers
• Evaluations e-mailed out after session, along with link to presentation
• Participate!
  – Ask text questions anytime
  – Polls and quizzes
Payroll Overview Course Sequence

**Session I. Overview**
- Review of Payroll Schedule, FLSA
- Review of Time Reporting and Adjustments
- Explanation of Taxable Gross
- Review of Payroll Policies

**Session II. Payroll Time Reporting**
- Web Time Entry, Department Time Entry
- Specific Employee Groups

**Session III. Adjustments and Corrections to Payroll**
- Adjustment Notification Application (ANA) and Banner Adjustments
- How to Minimize Adjustments

**Session IV. Payroll Overpayments**
- Responsibilities, Overpayment Process Overview
- How to Prevent Overpayments
Course Introduction

1. Course Objectives
2. Overpayment Basics
3. How to Avoid Overpayments
4. The Three C’s of Overpayments
5. Special Situations
6. Summary and Resources
Course Objectives

When you have completed this course, you will be able to:

• Identify your responsibilities for overpayments.
• Employ strategies to minimize overpayments.
• Understand the process to correct overpayment situations.
• Resolve specific overpayment situations.
• Find UPB contact information and training resources on the Web.
Payroll Overpayments

OVERPAYMENT BASICS
How Do Overpayments Happen?

Overpayments occur due to an administrative error of some kind:
• Job records not ended/updated on time
• Work schedule/default hours not ended correctly
• Data entry or time reporting errors during time entry
The *department* and *University Payroll & Benefits* both have responsibilities to resolve overpayment situations.
Department Responsibility

1. Notification
   a. Notify employee of overpayment
   b. Notify UPB to initiate overpayment collection process by submitting ANA (Adjustment Notification Application)

2. Corrections
   a. Correct job records to prevent additional overpayments
   b. Submit HRFE
Department Responsibility (cont)

3. Act as liaison between employee and UPB
   a. Ensure employee understands collection process
   b. Put employee in contact with UPB Payroll Customer Service in order to assist the employee in making repayment arrangements, or to request a review
   c. Ensure employee understands potential tax implications
UPB Responsibility

1. Processing

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Processing Deadlines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Pay Adjustment</td>
<td>5:00 pm calc date</td>
</tr>
<tr>
<td></td>
<td>See Payroll Schedule</td>
</tr>
<tr>
<td>Pay Stop</td>
<td>5:00 pm</td>
</tr>
<tr>
<td></td>
<td>2 days before pay day</td>
</tr>
<tr>
<td>Prior Pay Adjustment - overpayment</td>
<td>3-5 business days</td>
</tr>
</tbody>
</table>
UPB Responsibility (cont)

2. Communication

– UPB will use employee's mailing address or permanent address (PR) in Banner for all correspondence in reference to overpayments, along with an electronic copy via e-mail.

– The contact person for the employing unit identified in the ANA transaction will receive an electronic copy.
UPB Responsibility (cont)

3. Collection

– After communicating with the employee, UPB will collect the overpayment from the employee and credit the department.

– A processing fee of 6% will be assessed against all amounts collected.
Payroll Overpayments

HOW TO AVOID OVERPAYMENTS
Avoiding Overpayments

• Job records!
  – Meet deadlines for HRFE changes
  – Verify begin and end dates, Leave of Absence
  – Verify Effective Dates, and understand how Personnel Dates are used on job changes
  – Verify Rates, E-class, Work Schedules or default earnings (Bi-Weekly)
  – Verify Assigned Salary/FTE (Monthly)
  – Make corrections in HRFE immediately!
Avoiding Overpayments (cont)

• Time entry!
  – Meet time entry deadlines
  – Approvers verify correct time submitted
    • Correct hours / days
    • Correct Earning Codes / Overtime
  – Return time already approved (Web Time only)
  – Superuser superpowers!
Avoiding Overpayments (cont)

• Final Frontiers of Prevention!
  – Review pay for new or terminating employees
  – Adjustment Notification Application (ANA)
    • Current Pay Period Correction
    • Pay Stop
  – Check HRPAY00104
    • Payroll Labor Distribution report in View Direct
    • Available prior to payday (usually Monday)
  – Submit HRFE changes
Payroll Overpayments

THE THREE C’S OF OVERPAYMENTS
Three C’s of Overpayments

1. Communication

2. Collection

3. Credit
Initial Communications: Unit

1. Communicate with employee:
   – Inform them of the overpayment
   – Let them know that UPB will be contacting them regarding collection

2. Communicate overpayment to UPB by processing an overpayment in ANA.

3. Communicate with UPB if you are holding the paper check involved in the overpayment.
Employee Notification


[Date]
Dear [Employee],

A salary overpayment has been identified on a previous pay period and has been submitted to University Payroll for processing. University Payroll will send you notification of the overpayment along with the collection process needed to satisfy this debt. Please feel free to contact us if you need more information.

Thank you for your cooperation in resolving this matter quickly.

Sincerely,

[the unit/department]
Processing Overpayment in ANA

1. Enter employee’s UIN.
2. Select *Pay Event Adjustment* to report an *overpayment* in any pay period.
3. Select overpaid job if employee has multiple jobs. A separate adjustment must be submitted for each job overpaid.

Prior Pay Event Adjustment

Transaction #: ANA04225

Select a position:

- CA6661 00 GRANTS&CTRCT ADMIN 1 (LC) 5-29-2011
- CA0245 00 VST RSRSC & POLICY ANLYS 8-16-2010
- CA0245 00 VST RSRSC & POLICY ANLYS 12-16-2009
- CA0245 00 VST RSRSC & POLICY ANLYS 6-11-2009

Continue
4. Enter **Pay Event** to adjust. A separate adjustment needs to be submitted for each pay period overpaid.

```plaintext
<table>
<thead>
<tr>
<th>*Pay Event:</th>
<th>Year</th>
<th>Pay ID</th>
<th>Pay No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>MN</td>
<td>6</td>
</tr>
</tbody>
</table>
```

```
<table>
<thead>
<tr>
<th>COA</th>
<th>Fund</th>
<th>Orgn</th>
<th>Acct</th>
<th>Prog</th>
<th>Actv</th>
<th>Locn</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>100011</td>
<td>591000</td>
<td>211300</td>
<td>591003</td>
<td></td>
<td></td>
<td>100.00</td>
</tr>
</tbody>
</table>
```
Processing Overpayment in ANA (cont)

5. Identify transaction as an Overpayment.
6. Enter time/pay *exactly* as it should have paid.
7. Verify or enter FOAPAL for overpayment credit (FOAPAL to credit repayment to).
8. Verify or enter FOAPAL for Service Fee Charge (FOAPAL to charge 6% service fee to).
Payroll Overpayments

- **5. Identify as Overpayment**

<table>
<thead>
<tr>
<th>Hrs/Units paid for Pay Event 2011 BW 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Hrs/Units: 80.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Earn Code</th>
<th>Total Hrs/Units</th>
<th>Sun</th>
<th>Mon</th>
<th>Tue</th>
<th>Wed</th>
<th>Thu</th>
<th>Fri</th>
<th>Sat</th>
</tr>
</thead>
<tbody>
<tr>
<td>REG</td>
<td>80.00</td>
<td>8.00</td>
<td>8.00</td>
<td>8.00</td>
<td>8.00</td>
<td>8.00</td>
<td>8.00</td>
<td>8.00</td>
</tr>
</tbody>
</table>

**Hrs/Units that SHOULD have been paid:**

- **6. Enter Correct Pay**

<table>
<thead>
<tr>
<th>Earn Code</th>
<th>Total Hrs/Units</th>
<th>Sun</th>
<th>Mon</th>
<th>Tue</th>
<th>Wed</th>
<th>Thu</th>
<th>Fri</th>
<th>Sat</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>REG</td>
<td>64</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>64.00</td>
</tr>
</tbody>
</table>

**Default FOAPAL**

<table>
<thead>
<tr>
<th>COA</th>
<th>Fund</th>
<th>Orgn</th>
<th>Acct</th>
<th>Prog</th>
<th>Actv</th>
<th>Locn</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>301056</td>
<td>701001</td>
<td>215990</td>
<td>701007</td>
<td></td>
<td></td>
<td>100.00</td>
</tr>
</tbody>
</table>

**FOAPAL to use for Overpayment Credit**

<table>
<thead>
<tr>
<th>COA</th>
<th>Fund</th>
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<th>Acct</th>
<th>Prog</th>
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<th>%</th>
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<td>701007</td>
<td></td>
<td></td>
<td>100.00</td>
</tr>
</tbody>
</table>

**FOAPAL to use for Fee Charge**

<table>
<thead>
<tr>
<th>COA</th>
<th>Fund</th>
<th>Orgn</th>
<th>Acct</th>
<th>Prog</th>
<th>Actv</th>
<th>Locn</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>301056</td>
<td>701001</td>
<td>142351</td>
<td>701007</td>
<td></td>
<td></td>
<td>100.00</td>
</tr>
</tbody>
</table>

**7. Identify FOAPAL to Credit**

**8. Identify FOAPAL to charge Service Fee**
Processing Overpayment in ANA (cont)

9. Enter contact information.

10. Enter FOP overrides and detailed comments about the overpayment in **Comments** field.

11. Click **Submit** button.
Overpayments and FOAPALs

- Issues with FOAPALs when processing overpayments:
  - Funding source may not allow assessment of a service fee
  - Credit for repayments received may need to post to a different FOAPAL than original overpaid FOAPAL
  - Funding sources may have time limitations
Overpayments & FOAPALs (cont)

• When employees are overpaid on grant funds, Grants & Contracts requires the following:
  – Unit should transfer funds overpaid from the grant and onto another appropriate FOAPAL via PZAREDS.
  – Unit receives credit for repayment on transferred FOAPAL
  – Unit may contact Grants & Contracts
Overpayments & FOAPALs (cont)

• ANA revisions:
  – Required to indicate which FOAPAL should be credited for repayment
  – If grant fund entered for repayment, error will prevent transaction from continuing, and message will advise contacting Grants & Contracts.
  – Opportunity to indicate FOAPAL to be assessed the service fee, if different than FOAPAL to be credited.
Payroll Overpayments

Grant Fund Example

**Prior Pay Event Adjustment**

**Exempt**

<table>
<thead>
<tr>
<th>ID:</th>
<th>777889999</th>
</tr>
</thead>
<tbody>
<tr>
<td>U62870 00</td>
<td>GRAD RES ASST  effective 1-1-2011</td>
</tr>
<tr>
<td>Time Sheet Orgn Code:</td>
<td>1 - 727000</td>
</tr>
</tbody>
</table>

**Pay Event:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Pay ID</th>
<th>Pay No</th>
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<tbody>
<tr>
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<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>554798</td>
<td>727002</td>
<td>212210</td>
<td>191100</td>
<td>100.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Transaction #:** ANA04226

[Continue]
**Prior Pay Event Adjustment**

**Exempt**

**Transaction #: ANA04226**

**ID:** 777889999

*This adjustment corrects an:  ● Overpayment  ○ Underpayment*

### Amount paid for Pay Event 2011 MN 6

**Total Amount:** 0.00

<table>
<thead>
<tr>
<th>Earn Code</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Amount that SHOULD have been paid:

**Total Amount:** 1815.00

<table>
<thead>
<tr>
<th>Earn Code</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>RUG</td>
<td>1815.00</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Default FOAPAL

<table>
<thead>
<tr>
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<td>191100</td>
<td></td>
<td></td>
<td>100.00</td>
</tr>
</tbody>
</table>
### Payroll Overpayments

**Default FOAPAL**

<table>
<thead>
<tr>
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<td>191100</td>
<td></td>
<td></td>
<td>100.00</td>
</tr>
</tbody>
</table>

**FOAPAL to use for Overpayment Credit**

<table>
<thead>
<tr>
<th>COA</th>
<th>Fund</th>
<th>Orgn</th>
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<th>Prog</th>
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<th>%</th>
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</thead>
<tbody>
<tr>
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<td>554798</td>
<td>727002</td>
<td>212210</td>
<td>191100</td>
<td></td>
<td></td>
<td>100.00</td>
</tr>
</tbody>
</table>

- **Add Another Row**

**FOAPAL to use for Fee Charge**

<table>
<thead>
<tr>
<th>COA</th>
<th>Fund</th>
<th>Orgn</th>
<th>Acct</th>
<th>Prog</th>
<th>Actv</th>
<th>Locn</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>554798</td>
<td>727002</td>
<td>142351</td>
<td>191100</td>
<td></td>
<td></td>
<td>100.00</td>
</tr>
</tbody>
</table>

- **Add Another Row**

- **Continue**
Grant Fund Example (cont)

Prior Pay Event Adjustment
Exempt

Transaction #: ANA04226

PZAADJT  PHA010UR

* = Required Field

To continue:

- Please follow these steps for the restricted Fund code entered on Row 1 of the FOAPAL section:
  - 1. Transfer (PZARED5-Reduction) overpaid amount from the grant to an unrestricted FOAPAL.
  - 2. Proceed when Labor Redistribution is at disposition "60."
  - 3. Enter an unrestricted FOAPAL (same as PZARED5) in the "FOAPAL to use for Overpayment Credit" section of ANA.
  - 4. Enter any appropriate unrestricted FOAPAL in "FOAPAL to use for Fee Charge" section of ANA.
  - 5. Contact Grants & Contracts if additional assistance is needed.
  - Enter an appropriate Fund code on Row 1 of the FOAPAL fee section:
Overpayments on Paper Check

If you are holding a paper check containing an overpayment:

• Use the Return Payroll Checks Form to return paper check to UPB.
• Submit adjustment if some pay is due to the employee.
• Notify employee of reason for delay, if adjustment is required.
Communications: UPB

- UPB will calculate the overpayment amount on receipt of the ANA transaction.
- See **Collections** section for more information about calculating and collecting.
- UPB will send an overpayment notification to the overpaid employee and the department.
Sample Overpayment Notification

University Payroll and Benefits
(312) 547
801 South Marshfield
Chicago Illinois 60612-7221

DATE:

To:

UIN:

REF #:

FROM: University of Illinois Payroll and Benefits

RE: Overpayment Notification

Pay Date: Pay Period:

Net Overpaid Payments Applied: Net Amount Due: #Error

Deadline: __________

The above overpayment has been identified and submitted to University Payroll for recapture of erroneous payment. Therefore, funds are due back from you to the University of Illinois.

If you have a current active appointment, University Payroll will plan on deducting the overpayment (net) amount from your next regular pay event. If you prefer to pay with a personal check or money order, or make repayment arrangements you may contact Payroll Customer Service or work through your employing unit by the deadline noted above.

If you are currently in an inactive status please submit a personal check or money order to Payroll Customer Service, payable to the University of Illinois, and include the UIN and Ref # noted above. If arrangements have not been made by the deadline date of this letter your account will be turned over to the Collections Department for processing.

For more information regarding this notice, or to request a review hearing of your overpayment, please contact University Payroll and Benefits Call Center at payinq@uiillinois.edu or call Urbana: (217) 265-6383 or Chicago: (312) 996-7200 or Springfield: (217) 206-7211. Please initiate all inquiries prior to the deadline above.

Thank you for your assistance in resolving this issue.

UNIVERSITY PAYROLL AND BENEFITS
Once you have received the Overpayment Notification letter from UPB, you should be prepared to communicate with both the employee and UPB Payroll Customer Service.
Repayment Arrangements

• If the employee requests to repay overpayment with personal check, money order, or cash, they must request the net amount that they owe from UPB Payroll Customer Service.

• UPB will issue a new Overpayment Notification letter containing the net amount owed.
Repayment Arrangements (cont)

• If the employee wants to make arrangements to spread out their repayment, they must contact UPB Payroll Customer Service to set up a repayment schedule.

• UPB will notify unit of the terms of the arrangement.
Sample Repayment Terms

Employee has elected to repay $859.25 a month for a total repayment of $5,155.49, beginning with July through Dec 2010. Final payment will be in the amount of $859.25. (This amount may be different if unable to divide payments equally). Overpayments repaid in a different calendar year than received remain taxable in the year of the overpayment. When an overpayment is repaid in a different calendar year than received, University Payroll must follow the guidelines as provided in IRS Publication 15, Section 13. If applicable to your overpayment, University Payroll will generate a Statement of Receipt of Funds indicating the amount repaid from a prior year that may be used to offset income when filing your taxes in the year the overpayment has been satisfied. You will receive this statement upon completion of the entire overpayment.

* See attached Collections Schedule By Pay Period

I have read and agree to the terms of repayment proposed above. I give authorization for the collection amount above to be withheld from any pay until the overpayment is fully satisfied. I understand that this agreement may be voided at any time it is deemed the agreement cannot be fulfilled, upon review of the Payroll Executive Director. I further understand that if this agreement cannot be fulfilled because I enter non-pay status for any reason, this agreement will be void and all future pay will be withheld in order to satisfy any outstanding amount owed. If this occurs, I will be informed of revised terms for a new agreement.
Overpayment Review

• If the employee requests a review of the overpayment, a meeting to seek resolution will be set up **within 30 days** with the following attendees:
  – Employee
  – Unit representative
  – Director of UPB (or designee)

• Employees should contact UPB Payroll Customer Service to request a review.
Three C’s of Overpayments

1. Communication

2. Collection

3. Credit
Overpayment Collection Process

The overpayment collection process is determined by:

- Pay event status (disposition of pay event)
- Employee status (active, terminated)
- Gross amount of overpayment (20% of regular gross pay)
- Whether overpayment occurred in the current tax year or a previous tax year (see Internal Revenue Service - Publication 15)
Pay Event Status/Disposition

- If disposition is less than 50, then correction is possible (check **PZILIST** in Banner).
  - ANA for current pay period adjustment
  - Banner **PZAADJT** not yet calc’d—call Customer Service

- If disposition greater than 50:
  - Pay Stop in ANA if 2 days before payday
  - Overpayment in ANA if pay has been distributed
## Pay Event Status/Disposition (cont)

<table>
<thead>
<tr>
<th>Status of Payment</th>
<th>ANA Transaction</th>
<th>Adjustment</th>
<th>Result</th>
<th>Impact on Employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current pay period, not calculated</td>
<td>Current pay period</td>
<td>N/A</td>
<td>Overpayment prevented</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>correction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current pay period, not distributed</td>
<td>Pay Stop</td>
<td>Submit</td>
<td>Overpayment prevented</td>
<td>Possible delay in</td>
</tr>
<tr>
<td></td>
<td></td>
<td>adjustment</td>
<td></td>
<td>payment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>for correct pay due</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior pay period</td>
<td>Overpayment</td>
<td>N/A</td>
<td>Initiate collection process</td>
<td>High</td>
</tr>
</tbody>
</table>

**Payroll Overpayments**
Employee Status

If employee is active:
– Active employee may have either gross or net collections.

If employee is terminated:
– Terminated employees must repay net (unless an adjustment contains enough gross to collect).
Payroll Overpayments

≤ or >20% and Tax year of the overpayment (see table below)
- Current year—gross or net
- Prior year—net only

<table>
<thead>
<tr>
<th>Year Overpaid</th>
<th>Year Repaid</th>
<th>Active / Terminated</th>
<th>Gross OP ≤ 20%</th>
<th>Gross OP &gt; 20%</th>
<th>Collection Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>Current</td>
<td>A</td>
<td>x</td>
<td></td>
<td>Gross on next payment</td>
</tr>
<tr>
<td>Current</td>
<td>Current</td>
<td>A</td>
<td></td>
<td>x</td>
<td>Gross after 2-week deadline</td>
</tr>
<tr>
<td>Current</td>
<td>Current</td>
<td>T</td>
<td>x</td>
<td>x</td>
<td>Net (unless adj. available)</td>
</tr>
<tr>
<td>Current</td>
<td>Following</td>
<td>A</td>
<td></td>
<td>x</td>
<td>Net on next payment *</td>
</tr>
<tr>
<td>Current</td>
<td>Following</td>
<td>A</td>
<td></td>
<td></td>
<td>Net after 2-week deadline *</td>
</tr>
<tr>
<td>Current</td>
<td>Following</td>
<td>T</td>
<td>x</td>
<td></td>
<td>Net *</td>
</tr>
<tr>
<td>Prior</td>
<td>Following</td>
<td>A</td>
<td></td>
<td></td>
<td>Net after 2-week deadline **</td>
</tr>
<tr>
<td>Prior</td>
<td>Following</td>
<td>T</td>
<td></td>
<td></td>
<td>Net **</td>
</tr>
</tbody>
</table>

*Tax letter. Repayment of net received, plus insurance over 6 months.
**Tax letter for each year of repayment. Repayment of net received plus taxes withheld.
Collecting Gross Pay

- UPB adjusts earnings on upcoming pay events
- Collect using AND (Adjust Negative Dollars) earnings code
- Taxes and W2 are adjusted accordingly in pay calc
- Employee may make repayment arrangements to spread out collections
Collecting Net Pay

- UPB reverses voluntary deductions, if possible
- Collect using MPP deduction code
- Collect check deposited from employee
- Employee may make repayment arrangements to spread out collections
- Employee must repay:
  - Net originally received
  - Taxes withheld (if not reported in year overpaid)
  - Any other deductions that cannot be recovered
- Employee receives tax letter from University, if net amount not repaid in same year as overpayment
Unit Collection Process

If the employee brings you a check, money order, or cash payment:

• Submit check or money order payments to UPB Payroll Customer Service within two business days of receipt, enclosed with the Return Payroll Checks/Overpayment Remittance Form.

• For cash payments, refer the employee to UPB Payroll Customer Service for depositing. *Do not accept cash from the employee!*
Collection Process for Inactive Employees

- UPB tracks and submits a file, containing all inactive employees who have not responded to communications regarding the overpayment owed, to University Student Financial Services & Cashier Operations (USFSCO) on a monthly basis.
- USFSCO will attempt to contact inactive employees by sending two letters, following up with phone calls, in an effort to collect overpayment owed.
- If the employee does not respond within 60 days, USFSCO automatically turns the overpayment account over to a third party collection agency.
Net Collections Last Defense

- SURS deduction amount will not be reversed on any unresolved overpayment.
- Full repayment must be made so reversal can be processed.
  - After that, Separation can be completed and last paid information (LPI) submitted to SURS.
- Employee will not be able to access SURS benefits until Separation is complete.
Three C’s of Overpayments

1. Communication
2. Collection
3. Credit
Credit Posted From UPB

On receipt/recapture of any overpayment amount collected, UPB will credit your departmental expense account for the full gross overpayment amount collected within 5-10 business days, unless otherwise communicated.

Each collection will be assessed a 6% Overpayment Service Fee.
Gross Collection

• Provides immediate credit to department with the payroll calc (regular pay cycle or adjustment cycle)
• Credits C-FOAPAL of the job collected from or the original C-FOAPAL charged (if valid)
• Earnings transfers / Labor Redistributions may be processed to credit appropriately
Net Collection

Net collection provides credit in multiple stages:

- When the overpayment is reported, a deductions reversal is processed to credit the department for appropriate deductions collected
  - Taxes withheld (if processed in same year as overpayment)
  - Other deductions that can be returned to the University (insurance premiums less than 6 months old, percentage tax shelters, other voluntary deductions)
3rd Party Collections

• Collection agency commission charges, ranging from 25% - 40% of the total amount collected, will be the responsibility of the employing unit and will be charged to the original FOAPAL of the overpayment, unless the unit provides a different FOAPAL.

• UPB will request a FOAPAL verification from the unit, prior to processing a journal voucher to charge the unit for all applicable 3rd party collection fees.
3rd Party Collections (cont)

• All funds collected from the 3rd party collection agency will be turned over to USFSCO on a monthly basis.
• USFSCO will transfer the funds to UPB no later than the 20th of each month.
• UPB will then credit your departmental expense account.
Other Crediting Considerations

• Repayments or collections are credited to the FOAPAL indicated in ANA.
• 6% service fee, assessed to FOAPAL indicated in ANA.
• For State funds, credit will be made to the Fiscal Year of the original overpaid FOAPAL. If the Fiscal Year has closed, it will charge a suspense fund.
Payroll Overpayments

SPECIAL SITUATIONS
Benefits Issues

• Wages paid to employees outside the normal payroll cycle create additional issues for employees, CMS, and vendors.
• Retroactive changes to insurance-eligible positions should be avoided to protect employees, CMS, and vendors from negative downstream effects.
403(b) Contributions

• Check cancellations or adjustments with 403(b) contributions are valued at the current market value.

• Any decline in market value is reflected in the returned contribution and will be charged to the unit.
Insurance

• Adjustments cannot be made to insurance on pay events over six months old.
  – Employee must repay premiums withheld for pay events over 6 months old that were mistakenly paid to the employee in an overpayment situation.

• Backdated increases/decreases in FTE will not correct the original insurance liability charge to employer, or the employee’s portion of the insurance.
Additional Overpayment Issues

• If an employee is not active because he/she is on leave, lay-off, or has sporadic employment, then you should notify UPB of the expected return-to-work date, in order to facilitate better collection results.

• Please notify UPB immediately if you learn an overpaid employee has transferred or recently become active in a different unit or department.
Workers Compensation Overpayments

• Workers Compensation claims resulting in an overpayment should be reported to UPB immediately.

• UPB receives overpayment reports from Workers Compensation and will pursue collections if the unit fails to report an overpayment.

• Service fees for Workers Compensation overpayments will be refunded upon request.
Payroll Overpayments

RESOURCES
Overpayment Reports

- **View Direct**, accessed according to security
- HROVRPYMTD (Overpayment Detail)
  - Identifies service fee and FOAPAL
  - Identifies pay event and FOAPAL of reversal
- HROVRPYMTS (Overpayment Summary)
  - Identifies overpayment transactions
  - Identifies outstanding amount due
## Payroll Overpayments

### HROVRPMTD (Overpayment FOAPAL Detail)

<table>
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<tr>
<th>Assessed CHART</th>
<th>Assessed ORGN</th>
<th>UIN</th>
<th>Assessed FUND</th>
<th>Assessed ACCT</th>
<th>Assessed PROG</th>
<th>Fee Amount</th>
<th>Pay Event</th>
<th>O/P Reversal CHART</th>
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### HROVRPMTS (Overpayment Summary)

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<tr>
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<th>Pay Event</th>
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Resources

• Office of Business and Financial Services
  – http://www.obfs.uillinois.edu
  – OBFS News Center – sign up to get the latest information regarding UPB policies and procedures, including the UPB newsletter and holiday deadline changes: http://apps.obfs.uillinois.edu/news/dsp_NewsCenter.cfm

• Decision Support – Warehouse
  – http://www.ds.uillinois.edu/web/
Resources (cont)

Hands-on Payroll Courses at
http://www.obfs.uillinois.edu/training/materials/payroll/

- **PR 120 (Adjustment Processing)**
- **PR 130 (Labor Redistributions)**
- **PR 135 (One-Time Pay)**
- **TA 105 (Department Time Entry)**
Resources (cont)

Additional Job Aids at
http://www.obfs.uillinois.edu/training/materials/payroll/:
- Entering Your Time online tutorial
- Changing Your Time online tutorial
- Approving Timesheets online tutorial
- Changing Employees’ Timesheets online tutorial
- Return Time in Web Time Entry (PDF)
Resources (cont)

• See the **Overpayments section** of the Payroll & Earnings website at [http://www.obfs.uillinois.edu/payroll/](http://www.obfs.uillinois.edu/payroll/).

• Policies on overpayments can be found in the Business and Financial Policies and Procedures manual, **Section 4 – Payroll**.

• **View Direct job aids** for running Overpayment reports
Contacting UPB Payroll Customer Service

<table>
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<tr>
<th>Chicago</th>
<th>Springfield</th>
<th>Urbana-Champaign</th>
</tr>
</thead>
<tbody>
<tr>
<td>MAB Room 106, M/C 547</td>
<td>One University Plaza, HRB 105</td>
<td>HAB, Room 100A North, M/C 318</td>
</tr>
<tr>
<td>809 S. Marshfield Ave</td>
<td>Springfield, IL 62703</td>
<td>506 South Wright Street</td>
</tr>
<tr>
<td>Chicago, IL 60612</td>
<td></td>
<td>Urbana, IL 61801</td>
</tr>
<tr>
<td>Phone: 312-996-7200</td>
<td>Phone: 217-206-7211</td>
<td>Phone: 217-265-6363</td>
</tr>
<tr>
<td>Fax: 312-996-1932</td>
<td>Fax: 217-206-7010</td>
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</tr>
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Payroll Inquiries – paying@uillinois.edu
UPB Payroll Administration – 312-996-1922
Review of Course Objectives

Now that you have completed this course, you are able to:

• Identify your responsibilities for overpayments.
• Employ strategies to minimize overpayments.
• Understand the process to correct overpayment situations.
• Resolve specific overpayment situations.
• Find UPB contact information and training resources on the Web.
Thank you for attending!

Questions?