

ADMINISTRATIVE DIVISION FINA Administration and Finance		POLICY NUMBER FINA 6.01
POLICY TITLE Payroll Overpayments		
SCOPE OF POLICY USC System		DATE OF REVISION
RESPONSIBLE OFFICER Executive Vice President for Finance and Chief Financial Officer		ADMINISTRATIVE OFFICE University Finance – Controller’s Office

PURPOSE

This policy defines the process for identifying and resolving payroll overpayments to University employees. This policy is applicable to all campuses, units, departments, and employees and all payroll overpayments, regardless of the source of funds.

DEFINITIONS AND ACRONYMS

Overpayment – Payment that exceeds the amount due.

Compensation – All pay and monetary awards made to employees including, but not limited to, base salary, stipends, bonuses, or any other cash payments that would be considered W-2 income to the employee.

POLICY STATEMENT

The University is committed to making timely and accurate compensation payments to its employees. However, due to errors in processing or the timeliness and accuracy of submissions (e.g., keying errors, duplicate hires, late notification of separation dates, late reporting of Leave Without Pay [LWOP], etc.), an employee may occasionally be paid more than what is owed. In accordance with South Carolina Code of Law Section 8-11-30, the University is prohibited from making payments to employees for salary which is not due, which includes overpayments. Any individual who violates the provisions of this policy may be subject to disciplinary action.

A. Identification of Payroll Overpayment

Employees, supervisors, departments, the Payroll Department, and the Division of Human Resources (DHR) have a responsibility to prevent and report any overpayment immediately, regardless of who made the error or when the error occurred. Any payroll overpayment must be reported to DHR and the Payroll Department immediately upon identification.

Employee Responsibility

Employees are responsible for reviewing their paychecks promptly to ensure there are no discrepancies in pay. If an employee becomes aware of an overpayment, they are responsible for reporting it to their departmental HR contact immediately.

Department Responsibility

To mitigate overpayments, departments must ensure the timely and accurate completion and submission of information related to the authorization of salary payments, including those related to hiring, absence management, and separation.

Departments are also expected to monitor and promptly identify and report any payroll overpayments to DHR and the Payroll Department. Departments should ensure that all LWOP hours are reported timely in the University's timekeeping system by actively monitoring employee leave balances. In cases where LWOP hours occur shortly before separation, the department should notify the University Leave Administrator (within the DHR Benefits Office) immediately, who will coordinate with the Payroll Department to account for any adjustments.

Departments are not authorized to overlook or forgive any overpayment. When an overpayment occurs, departments are expected to actively communicate with the employee or former employee to ensure the repayment occurs as quickly as possible. The department will not receive credits (e.g., employer benefit contributions) until the funds are recouped by the University.

Central Administration Responsibility

Generally, DHR will receive notification of the overpayment from the departmental HR contact, identify the rationale and cause of the overpayment, and notify Payroll. The departmental HR contact makes the initial contact with the impacted employee. The Payroll Department will confirm the overpayment, calculate the repayment amount, and facilitate notification and collection efforts with the employee.

B. Notification of Payroll Overpayment

The Payroll Department will prepare an official notification letter and distribute it to the current or former employee, with a copy also provided to the Department Chair or Director and DHR. The letter will detail the gross overpayment amount, the impacted pay periods, and any adjustments necessary to calculate the net overpayment amount (if the overpayment occurred in the current calendar).

A concurrent letter will also be issued to the Vice President or Dean of the affected department requesting facilitation of timely collection, a review of the circumstances leading to the overpayment, and an identification of the planned corrective action to mitigate future overpayments. If overpayment incidents occur repeatedly without correction within a particular unit/department, DHR and the Payroll Department will arrange subsequent measures to work toward an acceptable resolution and mitigation plan.

C. Repayment of Payroll Overpayment

Upon notification, the employee is obligated to repay the payroll overpayment immediately upon receipt. If the repayment is not received after 60 days, it is subject to referral to a collection's agency in accordance with FINA 4.14 (Accounts Receivable – Collections of Past Due Accounts). Occasionally, a payroll overpayment may be substantial. In those rare instances, the employee should contact the Payroll Department immediately upon receipt of their overpayment notification to discuss available repayment options.

D. Separated Employees

Employees with an annual leave balance at the time of separation are paid their unused annual leave, as applicable, on the payroll following their final regular paycheck. If an overpayment is identified prior to the annual leave payout, the Payroll Department will reduce the amount to account for the overpayment. If the payout is less than the overpayment, an adjusted overpayment will be documented and communicated to the employee following the standard notification process.

E. Tax Implications

It is imperative for any employee and their respective departments to ensure overpayments are settled as soon as possible and within the calendar year in which they occurred to limit tax implications and maximize the departmental credits to be issued.

If the overpayment is identified and repaid in the same calendar year in which the overpayment occurs, the Payroll Department will process an adjusted earnings record to capture the correct earned wages prior to issuing the Form W-2. However, if the overpayment is identified and/or resolved in a calendar year subsequent to the issuance of the Form W-2, the employee will receive a notification from the Payroll Department communicating the gross payroll overpayment. It will then be the employee’s responsibility to discuss the implications with their tax advisors. Further, the department may not be eligible to receive credits for all fringe/benefit expenses when the identification and/or resolution of an overpayment occurs in a subsequent calendar year.

PROCEDURES

There are no procedures for this policy. Questions may be sent to the Controller’s Office at controller@sc.edu or the Payroll Department at payroll@mailbox.sc.edu.

RELATED UNIVERSITY, STATE, AND FEDERAL POLICIES

- IRS Publication 15, Circular E, Employee’s Tax Guide
- IRS Publication 525, Taxable and Nontaxable Income
- BTRU 1.20 – Dishonest Acts and Fraud
- FINA 4.14 – Accounts Receivable – Collections of Past Due Accounts
- FINA 6.00 – Employee Payroll
- HR 1.03 – Annual Leave
- HR 1.39 – Disciplinary Action and Termination for Cause

HISTORY OF REVISIONS

DATE OF REVISION	REASON FOR REVISION
	Language, content, and formatting updates
11/22/2017	Policy creation

ADMINISTRATIVE DIVISION FINA Administration and Finance		POLICY NUMBER FINA 6.01	
POLICY TITLE Salary Overpayments			
SCOPE OF POLICY USC System		SCOPE OF PROCEDURE USC System	
DATE OF ADOPTED November 22, 2017		DATE OF REVISION	
RESPONSIBLE OFFICER Executive Vice President for Finance and Chief Financial Officer		ADMINISTRATIVE OFFICE Administration and Finance—Controller’s Office—Payroll	

~~The language used in the Administration and Finance policies does not create an employment contract between the employee and the University of South Carolina. The university reserves the right to revise the content of the Administration and Finance policies, in whole or in part, with or without notice. In all cases, the Administration and Finance policies are intended to be consistent with the prevailing state and federal laws and regulations. However, in the event the language contained in the policies conflicts with state or federal laws or regulations, the state or federal laws or regulations will control. The University of South Carolina Division of Administration and Finance has the sole authority to interpret the University’s Administration and Finance policies.~~

PURPOSE

~~This document sets forth the University of South Carolina policy on salary overpayments to employees. In accordance with South Carolina Code of Law Section 8.11.30, it is unlawful for a person to receive a salary from the State or any of its departments, which is not due. Any person who violates the provisions of this section may be subject to significant penalties, including conviction of a misdemeanor.~~

DEFINITIONS

~~Salary Overpayment: Payment or receipt of salary that is not due.~~

POLICY STATEMENT

~~University Campuses, Business Units and Departments must ensure timely and accurate communication of information for the authorization of salary payments and/or employee separation, which includes ensuring preparation of prior Human Resource (HR) forms and routing those forms to the Human Resources Operations and Services team as well as the Payroll Office to avoid overpayment.~~

~~A. Identification of Salary Overpayment~~

~~The Payroll Office, Human Resource Department, the Hiring Campus/Department or the employee, may identify a salary overpayment. The salary overpayment must be reported to the Payroll Office immediately upon the identification of overpayment.~~

~~B. Notification of Employee and University Personnel~~

~~The Payroll Office is responsible for notifying the employee, the Department Chair or Director, Human Resources Operations and Services Director and the Bursar’s Office of the overpayment.~~

~~C. Repayment~~

~~Repayment is due upon receipt of Notification. If repayment cannot be made immediately, please contact the Payroll department to discuss repayment options.~~

~~If payment is not received within 60 days and no payment plan has been established with the Payroll department, the university may begin collection procedures as authorized in FINA 4.14 Accounts Receivable—Collections of Past Due Accounts.~~

PROCEDURES

Associated procedure for this policy can be found at the following link:
~~http://adminfin.sc.edu/controller/policies_procedures.asp~~

RELATED UNIVERSITY, STATE, AND FEDERAL POLICIES

~~FINA 4.14 Accounts Receivable—Collections of Past Due Accounts
FINA 6.00 Payroll Authorization~~

HISTORY OF REVISIONS

DATE OF REVISION	REASON FOR REVISION

APPENDICES
(not applicable)