



**Administrative Regulations
Office of the Mayor**

Title: RECLAIMING OVERPAYMENT OF EARNINGS FROM ACTIVE AND SEPARATED EMPLOYEES

A.R. Number: 5.8 **Effective Date:** 10/1/2008 **Page:** 1 of 1

Supersedes: Reclaiming City Property or Monies Owed Upon Employee Separation **A.R.:** 5.8 **DATED:** 2/1/2007

I. POLICY

The City will exercise its right to offset an employee's overpaid earnings by processing an overpayment against the employee's earnings. All overpaid earnings from separated employees will be deducted from all final monies due in their final paycheck. The recovery of overpaid earnings will begin in subsequent pay periods immediately following detection of overpayment and will be processed as approved in published procedures and always before calendar year end. The overpayment is documented and copied for the employee's file in Human Resources.

II. PROCEDURE

The total amount of an overpayment will be deducted from one (1) pay in its entirety, unless the amount exceeds \$500.00 of the employee's net disposable earnings. Disposable earning for this calculation will be earnings minus required taxes, pre-taxed benefits and all garnishments. Elected deductions, i.e. savings accounts, will be deducted after repayment of the excessive earnings. The overpaid earnings from separated employees will be deducted from the separated employee's last pay check in its entirety.

Overpayments totaling more than \$500.00 to \$2000.00 will be divided equally over no more than four (4) consecutive pay periods, but never into a new calendar year. These payments should total no less than \$500.00 each pay.

Amounts greater than \$2000.00 will be handled on an individual basis to include the same guidelines of no less than \$500.00 per pay and the overpayment must be repaid by calendar year end. This arrangement will be administered within the respective Department or Agency.

All overpayment agreements (See Attachment A) must be documented and must be signed by the employee, the employee's Payroll Technician and their Appointing Authority. The employee's department payroll coordinator is required to send copies of the agreement to HR for the personnel file and to Finance-Payroll division. The arrangement will be administered within the department of the respective employee. All agreements will be contingent upon the final approval of the Finance's Payroll division. The balance of any overpayment will be deducted from the employee's last check to include vacation payouts, upon separation.

III. RESPONSIBILITY

It is the responsibility of each Department/Agency Director or designee to monitor the internal affairs to ensure that overpayment of earnings is limited and collection of the overpayments is recovered immediately upon discovery of overpayment.

It is the responsibility of the employee to notify their Payroll Coordinator or the Department of Human Resources if an overpayment is discovered.

IV. REGULATION UPDATE

The Departments of Human Resources and Finance shall be responsible for modifications to this Policy.

APPROVED:

MAYOR



Overpayment Deduction Authorization Form

Date: _____ Company: _____ Agency: _____

Employee's Name: _____ Employee #: _____

I understand and agree that the gross amount I have been overpaid is \$ _____.

My signature below authorizes the City of Richmond to withhold these funds from my payroll. The amount withheld will be in accordance with *Reclaiming Overpayment of Earnings from Active Employees* policy.

Check the Deduction Method Applicable

- _____ 1. The gross amount is *less than \$500.00*. Deduct \$ _____, the full amount, from one (1) pay. The deduction maybe taken over 2 pays only if the overpayment exceeds the disposable earnings. (*See definition of disposable earnings in policy*)
- _____ 2. The gross amount is *\$500.00 or greater and does not exceed \$2000.00*. Deduct \$ _____* over _____ consecutive pays; followed by one (1) pay of \$ _____.
(*Number of payments cannot exceed four (4).*)
- _____ 3. Gross overpayment is *greater than \$2,000.00* and will be handled as follows:
\$ _____* per pay for _____** consecutive pays.

IMPORTANT NOTE: Upon separation, the remaining balance of any overpayment will be deducted from any and all earnings due me, to include but not limited to vacation payouts.

Employee's Signature

Date

OFFICE USE ONLY

Payroll Tech

Date

Appointing Authority

Date

Note: Payments should be no less than \$500.00 per pay, unless it reflects the balance due. The total overpayment must be repaid within the same calendar year. Never allow repayments to cross into another year.