Agency and OSC Procedures

Based upon the answer in Column 4 of **Attachment B**, use the applicable procedures:

I. YES (Overpayment is Recoverable)

1. Notify Employee:
   The Agency must immediately notify the employee, in writing, of the amount overpaid and the method of recovery.

2. Correct Payroll Record:
   The Agency must correct the employee's payroll record by submitting the appropriate transaction on the applicable page, using the appropriate effective date(s) to affect the accuracy of historical and current data.

   - **Overpayments Resulting from Job and Additional Pay Transactions:** For these overpayments that generate an automatic negative retroactive adjustment by the system, the Agency must report the method of recovery on the General Comments page.

   - **Time Entry Corrections:** For overpayments resulting from an error made in reporting miscellaneous earnings (i.e.: number of hours, days, units, or amount was reported incorrectly), the Agency must use the same Earnings Code to recover the earnings as was used originally to report the earnings. Note: The agency must not report negative earnings in the Time Entry page unless the employee is receiving other earnings (regular and/or miscellaneous) in the same pay period.

   - **Overpayments Related to Workers' Compensation Supplemental Payments:** For overpayments resulting from Workers' Compensation supplements or SIF payments paid in excess or in error, OSC will contact the Agency regarding the overpayment procedures when the overpayment is discovered.

3. Recover the Amount Overpaid:
   One of the following three methods of recovery **must** be used in the **same** Pay Period the retroactive transaction is reported, regardless of the employee's status (Active, Inactive, Leave With or Without Pay):

Method of Recovery	Use When:	Agency PayServ Actions
1. Automatic Retroactive Negative Adjustment Calculated by the System and Deducted from the Employee's Current Paycheck	The employee: • receives earnings (regular and/or miscellaneous) in the **same** pay period the retroactive transaction or correction is reported **and** those earnings are sufficient to recover the **entire** overpayment **and,** a check is not returned.	Enter the following statement on General Comments page: *Leave the automatic retroactive adjustment ON.* **Note:** This is the preferred method of recovery because the entire overpayment is recovered as one lump sum negative adjustment. In addition, it ensures that any subsequent retroactive adjustments of salary or earnings (e.g. retroactive general increase) for the same period will be calculated accurately by the system.
2. Report an OVP on the Additional Pay Page	1. The employee has **no** earnings (regular and/or miscellaneous) in the **same** pay period the retroactive transaction or correction is reported, **and** the employee's check(s) is not returned, or is returned, but the amount of the returned check(s) does not recover the overpayment in full. 2. The employee **has** earnings (regular and/or miscellaneous) in the **same** pay period the retroactive transaction or correction is reported, **but** the automatic retroactive adjustment **could not** be used because the employee's earnings amount is **insufficient** to recover the **entire** overpayment. 3. The Agency wishes to recover the overpayment in installments.	1. Enter the following statement on General Comments page: *Turn the automatic retroactive adjustment OFF. OVP was entered on the Additional Pay page.* If a check is being returned, also enter the applicable check return information. 2. Insert a row on the Additional Pay page, using the Earn Code **OVP**, effective the first day of the current pay period. • The Goal Amount must be preceded by a negative sign and must equal the total overpayment reduced by the returned check(s) amounts, if any. • Regardless of the employee's status, the Earnings Amount must be preceded by a negative sign and can be **no less** than 10% * of the employee's normal gross salary, including Additional Salary factors. ***When possible, a higher rate of recovery should be utilized to shorten the term of the recovery process.*** Refer to **Attachment D** (Item number 5) for information regarding the OVP system

Method of Recovery	Use When:	Agency PayServ Actions
		calculation as related to an employee's status. **Note:** After the overpayment has been recovered in full and the Goal Balance and the Goal Amount are equal, OSC will regenerate the automatic negative adjustment and enable the Paid Out feature on the Retro Review and Update Page. This will enable the system to "consider" the overpayment paid in full if a subsequent retroactive transaction is reported for the same period (e.g. retroactive contractual increase in salary).
3. Return Employee's Check(s) for Reversal or Exchange Using Form AC230	Unless **pre-approved** by OSC's AC230 Unit, Agencies should use this method **only** when the employee is inactive or on a leave without pay, **and** there is no other means of recovering the overpayment through the payroll system.	1. Enter the applicable check return information and the following statement in the General Comments page: *Turn the automatic retroactive adjustment OFF.* 2. If the amount of the returned check does not recover the overpayment in full and an OVP must be reported on the Additional Pay page, refer to the OVP instructions on the previous page. **NOTE:** After the overpayment has been recovered in its entirety, OSC will re-generate the automatic negative adjustment and enable the Paid Out feature on the Retro Review and Update Page. This will enable the system to "consider" the overpayment paid in full if a subsequent retroactive transaction is reported for the same period (e.g. retroactive contractual increase in salary).

- **GENERALLY YES**

Agencies must follow A or B below, whichever is applicable:

A.   **Overpayment Will Be Recovered by Agency**

- If the Agency agrees the overpayment **should be** recovered, the Agency must follow the instructions described under "Yes (Overpayment is Recoverable)" in pages 2-4 of this attachment.

B.   **Agency Requests Non-Recovery**

- If the Agency determines the overpayment **should not** be recovered based on the Reason described in Column 7 of **Attachment B**, the Agency must:

1. Immediately notify the employee in writing of the overpayment, impact on current earnings, if any, and that a request will be submitted to OSC for non-recovery.

2. Correct the employee's payroll record by submitting the appropriate transaction on the applicable page, using the appropriate effective date(s) to affect the accuracy of historical and current data.

3. Enter the request for non-recovery in the General Comments page and include the reason from Column 7 of **Attachment B** that supports the Agency's reason for not recovering the overpayment.

4. If the system calculates an automatic negative retroactive adjustment, enter the following additional statement in the General Comments page: *If non-recovery is approved by OSC, OSC must disable the automatic retroactive adjustment*.

5. After reviewing the General Comments page, OSC may request the Agency to fax the necessary supporting documentation to justify non-recovery of the overpayment.

6. OSC will review the supporting documentation.

   - If the documentation is sufficient for non-recovery, OSC will enter a statement in General Comments that non-recovery requested by the Agency is approved based on sufficient supporting documentation on file in OSC. OSC will also disable the automatic negative retroactive adjustment, if applicable.

- If non-recovery is not approved, OSC will instruct the Agency to immediately initiate recovery procedures, as described under "Yes (Overpayment is Recoverable)" in pages 2-4 of this attachment.

- **GENERALLY NO**

Agencies must follow A or B below, whichever is applicable:

A. <u>**Agency Will Not Recover the Overpayment**</u>

- If the Agency agrees the overpayment **should not** be recovered, the Agency must:

  1. Immediately, notify the employee of the overpayment incurred, non-recovery policy, and impact, if any, on current earnings.

  2. Correct the employee's payroll record by submitting the appropriate transaction on the applicable page, using the appropriate effective date(s) to affect the accuracy of historical and current data.

  3. Enter a statement on the General Comments page: *Overpayment not subject to recovery under State Finance Law*. If an automatic retroactive negative adjustment will be calculated by the system, enter the following additional statement: *OSC must disable the automatic retroactive adjustment.*

- OSC will confirm the Agency entered the appropriate information on the General Comments page and will disable the automatic negative adjustment, if applicable.

B. <u>**Agency Requests Recovery**</u>

- If the Agency determines the overpayment **should be** recovered, the Agency must:

  1. Notify the employee of the overpayment incurred and the method of recovery to be used.

  2. Correct the employee's payroll record by submitting the appropriate transaction on the applicable page, using the appropriate effective date(s) to affect the accuracy of historical and current data.

  3. Enter the request and reason for recovery of the overpayment on the General Comments page. The reason may be because the amount of overpayment is so unreasonable that an employee would have or should have known he/she had been overpaid or because of the corresponding reason stated in Column 7 of **Attachment B**.

  4. Enter on the General Comments page how the overpayment will be recovered (refer to the methods of recovery stated under "Yes

Overpayment is Recoverable" in pages 2-4 of this attachment), including instructions regarding the automatic negative retroactive adjustment that will be calculated by the system, if applicable.

- OSC will review the General Comments page to determine if the reason for recovery is acceptable and, if necessary, will notify the Agency to provide the appropriate supporting documentation to OSC for review and determination.

  1. If the reason and the supporting documentation is sufficient for recovery, OSC will enter the following statement in the General Comments page: *OSC has approved recovery of the overpayment based on the reason provided by the Agency and, if supporting documentation was also required, that supporting documentation was reviewed and approved and is currently on file in OSC.*

     OSC will confirm the Agency has entered the method for recovery in the General Comments page, as stated under "Yes (Overpayment is Recoverable)" in pages 2-4 of this attachment, including instructions regarding the automatic negative retroactive adjustment, if applicable. OSC will update the Retro Pay Review and Update page, as appropriate.

  2. If the reason for recovery is not acceptable or, if supporting documentation is not approved by OSC, OSC will notify the Agency that the overpayment cannot be recovered, and will update the General Comments page accordingly, including a statement that the automatic negative retroactive adjustment was disabled due to non-recovery of the overpayment under the State Finance Law.

     The Agency must stop recovery of the overpayment and notify the employee, as appropriate.