

# CITY OF SAN ANTONIO



<b>Administrative Directive</b>	<b>AD 8.6 Correction of Payments (Overpayment/Underpayment)</b>
<b>Procedural Guidelines</b>	For correcting overpayments and underpayments
<b>Department/Division</b>	Finance Department
<b>Effective Date</b>	March 1, 2007
<b>Revision Date</b>	January 31, 2011
<b>Project Managers</b>	Juanita Carabajal, Disbursements and Receivables Administrator  Fred Mendoza, Payroll Manager

## Purpose

To define citywide guidelines for recovering overpayments and underpayments made by the City of San Antonio to its non-uniformed employees.

## Policy

It is the policy of the City of San Antonio to avoid overpayments and underpayments to its employees. However, if an overpayment or underpayment occurs, corrective measures for such an error will be considered on a case by case basis (i.e. how to recoup the overpayment or how to process an underpayment). Requests for exceptions to A.D. 8.6 will require prior written approval from the Chief Financial Officer or designee. The City reserves the right to collect any overpayment through appropriate legal means.

## Policy Applies To

<input type="checkbox"/> External & Internal Applicants	<input checked="" type="checkbox"/> Current Temporary Employees
<input checked="" type="checkbox"/> Current Full-Time Classified and Unclassified Employees	<input type="checkbox"/> Current Volunteers
<input checked="" type="checkbox"/> Current Part-Time Classified and Unclassified Employees	<input checked="" type="checkbox"/> Current Grant-Funded Employees
<input checked="" type="checkbox"/> Current Paid and Unpaid Interns	<input checked="" type="checkbox"/> Police and Fire Academy Trainees
<input type="checkbox"/> Uniformed Employees Under Collective Bargaining Agreements	

## Definitions

<b><u>Employee</u></b>	For purposes of this Administrative Directive, all non-uniformed personnel of the City of San Antonio.
<b><u>Overpayment</u></b>	Any payment from the City to which an employee is not entitled.

<p><b><u>Reasonable Payment</u></b></p>	<p>Reimbursement of an overpaid amount due to the City in a manner whereby the repayment schedule does not reduce the employee's gross pay below the minimum wage per hour set by the Fair Labor Standards Act (FLSA). For example, if the minimum wage is \$7.25 per hour and the employee earns \$10.25 per hour, no more that \$ 3.00 per hour may be withheld from non-overtime wages unless agreed to by the employee. For overtime purposes, the overpayment withholding does not affect the employee's regular rate of pay. The City may not withhold any of the overpayment from the employee's overtime pay.</p>
<p><b><u>Underpayment</u></b></p>	<p>A payment less than the amount due to an employee.</p>

**Policy Guidelines**

This directive applies to all non-uniformed City employees. Regulations and procedures for uniformed personnel regarding overpayments, underpayments, and the reimbursement thereof may be addressed under their respective collective bargaining agreements. It is the policy of the City to apply this directive to all overpayments and underpayments, including, but not limited to payroll, wage supplementation, workers' compensation payments, disability plan payments and employee benefits premiums. Overpayment(s) and/or underpayment(s) will be reflected in the employee's W-2 in the same calendar year that the overpayment(s) and/or underpayment(s) occur, as may be required by Internal Revenue Service regulations.

**Roles & Responsibilities**

<p><b><u>Employees</u></b></p>	<ol style="list-style-type: none"> <li>1. Review the information contained in his/her paycheck or payment voucher and notifies his/her immediate supervisor of any overpayment or underpayment as soon as he/she knows that this error has occurred. Employees are required to retain overpayments for repayment to the City. Failure to report and retain such overpayments may result in disciplinary action up to and including termination of employment.</li> <li>2. Execute any necessary documentation to correct said overpayment in accordance with this Administrative Directive to authorize the repayment of any overpayment.</li> <li>3. It will be the responsibility of the employee to pay for all unpaid insurance premiums as a result of receiving a payroll check that is less than the premium coverage.</li> </ol>
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**Departments**

1. Comply with all regulations related to employee pay, or any other disbursements, including, but not limited to, Federal and State Regulations, Municipal Civil Service Rules of San Antonio, Administrative Directives, and any other departmental policies and procedures.
2. Establish procedures to ensure that employee payroll records and pay rate changes are made accurately and promptly.
3. Assist their employees with all payroll issues.
4. Work with the Human Resources Department to make sure all employee status changes and separations have been entered timely in master data.
5. Thoroughly review all payroll reports before releasing or mailing final payments to separated employees.
6. Immediately review, upon receipt, all payroll reports to identify any pay errors to ensure that employees are paid promptly and correctly.
7. Make corrections in SAP if overpayment or underpayment is determined as a direct result of data entry or other system related errors.
8. Report and submit notification to the Finance Department (Payroll Office), along with the necessary documentation, of their employees' overpayments and underpayments within 24 hours from the time the employee reported the overpayment or underpayment or it otherwise became known (See Attachment A).
9. Promptly address and coordinate with the employee and Payroll Office to ensure the employee receives any underpayment at the earliest date possible. The amount of the underpayment should be considered in determining a date that is both reasonable and practicable for payment to the employee.
10. Promptly address and coordinate collection of overpayments with the employee (See Attachment B).
11. Work with the Finance Department to acquire the exact amount of the employee overpayment.
12. Submit Attachment B to the Payroll Office in the Finance Department after arranging a repayment schedule when the employee is unable to repay the City in one payment or through one payroll deduction.
13. Hand-carry any payments made by check directly to the payroll office.
14. Provide a receipt to all employees making payments by check.
15. After coordination with the Human Resources Department, take appropriate disciplinary action against employees who fail to comply with any of the provisions of this Administrative Directive.

NOTE: The City's Finance Department and City Attorney's Office may be consulted, if necessary. Any claims paid will be charged against the responsible department's budget.

<p><b><u>Finance Department</u></b></p>	<ol style="list-style-type: none"> <li>1. Retain administrative responsibility for this Administrative Directive.</li> <li>2. Oversee the collection repayment process within the Payroll System.</li> <li>3. Contact the City Attorney's Office for assistance in collection of overpayments if necessary.</li> <li>4. Coordinate with departments to ensure complete understanding of the error(s) causing overpayments and/or underpayments and the corrective measure(s) that will help to eliminate/mitigate future occurrences of such overpayments and/or underpayments.</li> </ol>
<p><b><u>City Attorney's Office</u></b></p>	<ol style="list-style-type: none"> <li>1. Provide legal advice to City Departments regarding employee overpayments or underpayments.</li> <li>2. Provide legal advice to City Departments regarding disciplinary action of those employees who fail to repay the City or otherwise fail to comply with this Administrative Directive.</li> <li>3. Provide legal advice and representation in the collection of overpayments when all administrative methods or remedies have been exhausted in accordance with this Administrative Directive.</li> </ol>
<p><b>Controls</b></p>	
<p><b><u>Overpayment Notification &amp; Employee Repayment</u></b></p>	<ol style="list-style-type: none"> <li>1. Departments must give employees written notification of any monies owed to the City due to an overpayment by the City, using Attachment B.</li> <li>2. For any overpayment discovered prior to payroll check distribution, the check must be voided and rewritten as soon as possible. If an error is discovered before payroll is deposited in an employee's account via direct deposit, the payroll must be corrected and the employee will be issued a replacement check when due.</li> <li>3. For any overpayment discovered after distribution or deposit, the department must notify the employee using Attachment B and have the employee either remit payment or execute Attachment B to authorize repayment of said overpayment through payroll deductions. The written notification must contain the following essential information: <ul style="list-style-type: none"> <li>(a) Amount of the overpayment</li> <li>(b) Reason for the overpayment</li> <li>(c) Proposed repayment rate</li> </ul> </li> </ol>
<p><b><u>Repayment Schedule</u></b></p>	<p>When an employee is overpaid less than one hundred dollars (\$100), the employee is required to repay the overpayment in full or through one payroll deduction (as long as this action does not reduce the employee's paycheck or pay voucher below minimum wage as discussed above in the definition of a reasonable payment). When an employee is overpaid between one hundred dollars (\$100) and seven hundred fifty dollars (\$750), the employee will arrange a payment schedule with the City (through the employee's department) to make installment payments or payroll deductions of a minimum of \$50 per pay period. Any overpayment made to an employee in excess of seven hundred fifty dollars (\$750) must be repaid to the City immediately upon receipt by the employee, without the use of payroll deductions. Any exceptions to this repayment schedule will require prior written approval from the departmental director.</p>

<p><b><u>Underpayment Notification</u></b></p>	<ol style="list-style-type: none"> <li>1. Departments must notify employees of underpayment within 24 hours of confirming an underpayment in the payroll record. The Time Administrator will coordinate with the employee and Payroll Office to ensure the employee is paid the underpayment at the earliest date possible. The amount of the underpayment should be considered in determining a date that is both reasonable and practicable for payment to the employee of the underpayment.</li> <li>2. The Time Administrator or Payroll Maintainer will research the reason for the underpayment and make all necessary adjustments to correct the problem.</li> <li>3. The Time Administrator will complete and submit the necessary documentation to the Payroll Office to recover underpayment of wages for the employee using Attachment A.</li> <li>4. The Time Administrator will monitor the status of repayment to the employee and will distribute the amended paycheck to the employee.</li> </ol>
<p><b><u>Separated Overpaid Employees</u></b></p>	<p>In the event an overpaid employee voluntarily or involuntarily separates from City employment, the following applies:</p> <ol style="list-style-type: none"> <li>1. If the separated employee agrees, he or she will be asked to sign a consent authorizing the department to withhold the remaining overpayment from any final salary and leave payments made to the employee.</li> <li>2. If the final salary and leave payments are insufficient to settle the remaining overpayment, the separated employee is expected to repay the City for any outstanding balances within 10 calendar days of separation.</li> <li>3. After 10 days, the department is expected to continue collection efforts including calling the employee and sending a collection letter to the last known address.</li> <li>4. If collection efforts are not successful, the overpayment will be charged back to the department director's budget by the end of the Fiscal Year.</li> <li>5. If the separated employee refuses to consent to the withholding requirements described in item 1 above and/or refuses to repay the remaining overpayment, the department is to contact the City Attorney's Office for further advice and action.</li> </ol>
<p><b><u>Employee's Consent to Withhold Repayment</u></b></p>	<p>For purposes of repaying overpayments the City will not withhold any money from an employee's paycheck without his or her written consent. (See Attachment B) Failure of an employee to cooperate in repaying the City as per this Administrative Directive is subject to discipline up to and including termination. The City may pursue all legal remedies available to collect any overpayment should the employee refuse to repay an overpayment.</p>

**Attachments**

<p>Off-Cycle Payment Requests</p>	<p>Attachment A</p>
<p>Employee Notice of Overpayment and Authorization for Repayment</p>	<p>Attachment B</p>

**This directive supersedes all previous correspondence on this subject. Information and/or clarification of this administrative directive may be obtained by contacting the Finance Department at 207- 5734.**

**CITY OF SAN ANTONIO  
OFF-CYCLE PAYMENT REQUEST FORM**

Department Submitting Request:

Employee Name:

SAP Personnel No:

Payroll:       BC       BU       BT       MS       MP

Reason for this Request:       Under Payment       Over Payment

For Pay Period:      From      Ending

Reason for Under / Over Payment:

- Time Entry Error       Missed Time Entry/Approval Deadline       Master Data  
 Work Schedule       Holiday       Other

Provide any Additional Information in the Space Below or Attach Documentation Required to Assist with Correction of Under / Over Payment:

Departmental Action Taken to Resolve Under / Over Payment:

Reason Correction Can Not Wait for Next Payroll Check:

Contact Person:

Phone No:

Director/ Designee's Signature:

Date:

**FINANCE DEPARTMENT (PAYROLL) USE ONLY**

Date Request Received:

Reviewed / Processed By:

Required Action / Resolution:

Off-Cycle Check Created By:

Date:

Check No:

Check Amount:

Check Date:

Chief Financial Officer's Signature (if Required):

**CITY OF SAN ANTONIO**  
**OFF-CYCLE PAYMENT REQUEST FORM**  
**INSTRUCTIONS**

All requests for off-cycle checks must utilize this form and be submitted to the Finance Payroll Office located at Riverview Towers, 4<sup>th</sup> floor, 111 Soledad, or faxed to 207-2856. The Payroll Office will notify the Departmental Contact person upon completion of the Off-Cycle request.

Please provide the following information when completing the Off-Cycle Request Form:

1. Title of the Department submitting the request.
2. Full name and the SAP Personnel Number for the employee the Off-Cycle request is being submitted. Please do not use the Social Security Number or other identification in order to protect the privacy of the employee.
3. Indicate the payroll for which the Off-Cycle is being requested. The selections include the following:
  - a. BC – Civilian Payroll
  - b. BU – Uniformed (Fire or Police) Payroll
  - c. BT – Temporary Payroll
  - d. MS – School Crossing Guard
  - e. MP – Pension Payroll
4. Indicate the pay period in which the Over/Under Payment occurred.
5. Select the reason for the Over/Under Payment. If the reason is not listed please select other and describe the cause. Additionally, if the department can not determine the cause of the Over/Underpayment, please provide information and documentation necessary to assist in identifying a solution. (i.e. Copies of remuneration statement, estimated amount of underpayment, discrepancy in hours, etc)
6. Departments should first research the issue prior to contacting the Finance Department and list the corrective action taken. (i.e. Time Entry/Human Resources Master Data has been corrected and ready for Finance to print Off-Cycle)
7. Please provide a detailed explanation in the event the amount of the Over/Under Payment creates a financial hardship for the employee and the correction can not wait to be included on the next pay check.
8. Provide the name and phone number of the Departmental contact person in the event additional information is required.
9. The approval of the Department Director or Designee is required in order to process an Off-Cycle Payroll Check.

**Incomplete forms will be returned and may delay processing.**

**CITY OF SAN ANTONIO  
EMPLOYEE NOTICE OF OVERPAYMENT AND AUTHORIZATION FOR REPAYMENT**

Department Submitting Request:

Employee Name:

SAP Personnel No:

Reason for Overpayment:

Payroll

Tuition Reimbursement

Other

Overpayment Amount: \$

Date Overpayment Occurred:

Repaying this overpayment in the amount of \$ \_\_\_\_\_ is not voluntary. However, the City will not withhold any money from your paycheck without your written consent. If you wish to repay the City through payroll deductions, you may do so by executing this document.

Administrative Directive 8.6: Correction of Payment (Overpayment/Underpayment), states that employees who do not repay the money given to them by mistake are subject to discipline up to, and including termination. The City may pursue all legal remedies available to collect any overpayment should the employee refuse to repay an overpayment.

When an employee is overpaid less than one hundred dollars (\$100), the employee is required to repay the overpayment in full or through one payroll deduction (as long as this action does not reduce the employee's paycheck or pay voucher below minimum wage). When an employee is overpaid between one hundred dollars (\$100) and seven hundred fifty dollars (\$750), the employee may arrange a payment schedule with the City (through the employee's department) to make installment payments or payroll deductions of a minimum of \$50 per pay period. Any overpayment made to an employee in excess of seven hundred fifty dollars (\$750), must be repaid to the City immediately upon receipt by the employee, without the use of payroll deductions. Any exception to this repayment schedule must receive prior written approval from the departmental director.

If you do not agree with the overpayment amount, you must notify your supervisor within five calendar days of receipt of this notice.

"I, \_\_\_\_\_ (employee) hereby certify that my Supervisor/Designee, \_\_\_\_\_ has notified me on \_\_\_\_\_ (date) that I was overpaid, and that I have received this memo as notice of the overpayment; therefore, I hereby authorize the repayment of the overpayment as follows:

Payroll Deduction Amount	Number of Payroll Deductions	Total Repayment Amount
\$		\$

Contact Person:

Phone No:

Employee Signature:

Date Notified:

Department Director/Designee's Signature:

Date of Notification:

**FINANCE DEPARTMENT (PAYROLL) USE ONLY**

Date Request Received:

Reviewed / Processed By:

Date Processed:

Finance Department Approval (if required):

Date:



## CITY OF SAN ANTONIO

### EMPLOYEE ACKNOWLEDGMENT FORM FOR

#### ADMINISTRATIVE DIRECTIVE 8.6 Correction of Payments

**Employee:**

I acknowledge that on \_\_\_\_\_, 20\_\_\_\_, I received a copy of Administrative Directive 8.6 Correction of Payments. I understand if I should have any questions I should contact my Human Resources Generalist.

\_\_\_\_\_  
Employee Name (Print)

\_\_\_\_\_  
Department

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
SAP ID #