UNIVERSITY *of* MARYLAND
THE FOUNDING CAMPUS

Payroll Rep Meeting

Thursday, March 3, 2016
1:30pm-4pm
School of Dentistry - Room G205

Presenters

- Susan McKechnie
  - Controller- Financial Services

Agenda

- Introduce New Compensation Overpayment and Recovery policy

  - VIII-99.02 UMB Compensation Overpayment and Recovery

- Procedures

  - Financial Services Standard Operating Procedure No. 3315- Compensation Overpayment and Recovery

Compensation Overpayment Policy

- History
  - Overpayments have always occurred but no formal policy or procedures were in place
  - October 2013 PR Reps meeting introduced the automated method for payroll deductions repayment using earnings code GPB and GL account 2150
  - July 2014 procedures were tweaked to account for repayments by check using DRs to move expense to PCA
  - Policy in development from 2013 until November 2015 when President approved policy
  - Effective now, revised procedures to account for issues we encountered

UMB COMPENSATION OVERPAYMENT AND RECOVERY POLICY

Compensation Overpayment Policy

- Abstract
  - UMB employee may be paid more than is due to him/her
  - Overpayments create debt to the State of Maryland for the gross amount overpaid
  - UMB must promptly attempt to recover the debt

- Purpose
  - Standardize UMB debts collection as a result of overpayment made to a UMB employee in accordance with the Maryland State Central Collection Unit's (CCU) Standards for Administrative Collection of Claims

Compensation Overpayment Policy

- Employees who fail to report, and approvers who improperly authorize or fail to report, overpayments of compensation may be subject to disciplinary and/or criminal action. In the case of employees, such actions would be in addition to action to collect the debt for overpayment.

Compensation Overpayment Policy

- Any active or former employee must be notified of the debt for the overpayment and the available repayment terms. A written repayment agreement or notice of debt must be signed by the Associate/Assistant Vice President, Associate/Assistant Dean, or designee, in the employee's campus unit
  - Designees must be in writing from the AVP or A-Dean

Compensation Overpayment Statistics

Schools/Units	Feb 2014 - Dec 2014	Jan 2015 - Dec 2015	CCU
Central Administration	22	24	**5,356.72**
SOD	5		-
SOL	2	1	-
SOM	80	87	**22,848.56**
SON	20	19	**10,936.78**
SOP	17	10	**1,007.88**
SSW	4	10	**4,913.21**
Total:	**150**	**151**	
Amount $:	**$ 447,753.80**	**$ 646,740.31**	**$45,063.15**

Notes:

1. **Direct Deposit recoveries and paper Payroll Check cancellations are not included**

2. **Overpayments automatically deducted in eUMB from employee's paycheck without causing negative pay are not included**

3. **Invoices < $30 will be charged to Units after 120 days because CCU does not accept accounts with amount < $30**

Policy Communication

- All HRMS users have been notified via message from Candace Chow

- Working on segment in the Elm Weekly to notify employees that they should review their paychecks

- Will include reminder of how to view direct deposit advice via POSC

Questions or Comments on UMB Compensation Overpayment and Recovery Policy

UMB COMPENSATION OVERPAYMENT AND RECOVERY PROCEDURES
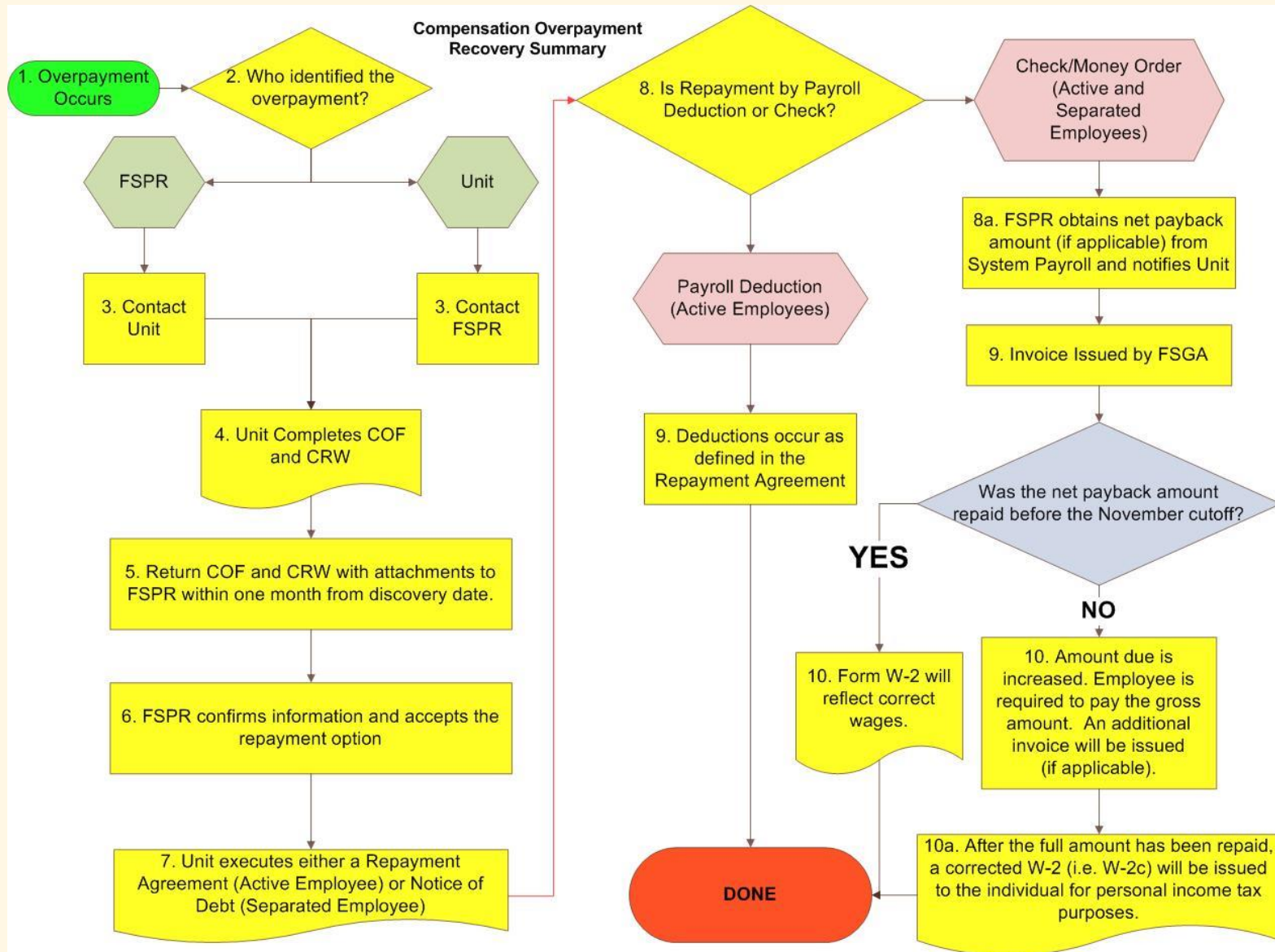
Recovery Procedures

- Agenda
  - Overview
  - Process for Active Employees
  - Process for Separated Employees
  - Forms & Templates
  - Accounting Examples
  - Responsibilities
  - Account 2150 clean up

Recovery Procedures- Considerations

- Employment status: active vs. separated
- When discovered: before payday vs. after payday
- Amount of overpayment: full paycheck vs. partial paycheck
- Empl class: bi-weekly pay vs. sporadic pay
- Time of year: before Nov vs. after Nov
- Payback duration: lump-sum vs. payment plan
- Payback method: check vs. payroll deduction

Recovery Procedures

Compensation Overpayment Recovery Summary

ACTIVE EMPLOYEE RECOVERY

Recovery Procedures- Active Employees

Overpayments discovered BEFORE Payday

1. **One time Full Repayment (By Direct Deposit Recovery)**

   - Contact FSPR by Noon the day before payday

   - Unit to complete a COF

   - Notify employee not to withdraw or transfer the money before recovery attempt

2. **One time Full Repayment (Return of Paper Paycheck)**

   - Contact FSPR by 5pm two days before payday

   - Unit to complete a COF and Payroll Check Cancellation Request Form

Recovery Procedures- Active Employees

Overpayments discovered AFTER Payday

1. One-time full repayment by payroll deduction

2. Multiple payroll deductions

3. Full repayment by check (or money order)

Recovery Procedures- Active Employees

Overpayments discovered AFTER Payday

1. **One time Full Repayment by payroll deduction**

   - Cannot be used for Empl Classes 14, 14W, 16, 16W, 31, 31T, and 34 SPC

   - Contact FSPR with the gross overpayment amount

   - Unit to review employee's previous correct paycheck to determine if there will be sufficient remaining gross pay to cover the deduction, breadcrumbs to review paycheck:

   Favorites › Main Menu › Payroll for North America › Payroll Processing USA › Produce Payroll › UMB Paycheck / Distributions

   - Select multiple payroll deduction option if one time recovery cannot be deducted

Recovery Procedures- Active Employees

Overpayments discovered AFTER Payday

1. **One time Full Repayment by payroll deduction cont'd**

    - Unit to complete the following forms:

        1. Compensation Overpayment Form (COF)

        2. Compensation Reconciliation Worksheet (CRW)

        3. Prior Pay Period Adjustment Form (PPAF)

            » Must indicate Earns begin/end dates of the overpayment

        4. Repayment Agreement – Payroll Deduction

            » Must be signed by AVP/ADean and the employee

Recovery Procedures- Active Employees

Overpayments discovered AFTER Payday

2. **Multiple Payroll Deductions**

- Cannot be used for Empl Classes 14, 14W, 16, 16W, 31, 31T, and 34 SPC

- Contact FSPR with the gross overpayment amount

- Employee should repay as soon as possible, but the entire amount must be repaid within 120 days from the first notification date

- Exception must be requested if repayment period exceeds 120 days

Recovery Procedures- Active Employees

Overpayments discovered AFTER Payday

2. **Multiple Payroll Deductions cont'd**

- Unit to complete the following forms:
    1. Compensation Overpayment Form (COF)
    2. Compensation Reconciliation Worksheet (CRW)
    3. Prior Pay Period Adjustment Form (PPAF)
        » Must indicate Earns begin/end dates of the overpayment
    4. Repayment Agreement – Payroll Deduction
        » Must be signed by AVP/ADean and the employee

Recovery Procedures- Active Employees

Overpayments discovered AFTER Payday

3. **Full Repayment By Check**

   - Available to Empl Classes 14, 14W, 16, 16W, 31I, 31T, and 34 SPC

   - Contact FSPR for all other employees requesting this option

   - Contact FSPR with the gross overpaid amount

Recovery Procedures- Active Employees

Overpayments discovered AFTER Payday

3. Full Repayment By Check cont'd

- Unit to complete the following forms:
    1. Compensation Overpayment Form (COF)
    2. Compensation Reconciliation Worksheet (CRW)
    3. Repayment Agreement – Check or Money Order
        » Must be signed by AVP/ADean and the employee
- FSPR will obtain the net payback amount from System Payroll based on the gross overpayment amount provided by the Unit
- FSPR will notify the Unit of the net payback amount

Recovery Procedures- Active Employees

Overpayments discovered AFTER Payday

3.   **Full Repayment By Check cont'd**

- FSPR gives the overpayment information to FS-General Accounting (FSGA) to put into the Customer Billing System (CBS)

- An invoice will be mailed to the employee based on the CPB address listed in eUMB; eUMB home address will be used if there is no CPB address

- The unit contact information (name of the PR Rep and phone #) will be included on the invoice so that if the employee has questions, unit can assist

- CBS will generate a dunning letter every 30 days until the balance is paid in full

Recovery Procedures- Active Employees

Overpayments discovered AFTER Payday

3. **Full Repayment By Check cont'd**

- Payment information is printed on the invoice and the check should be mailed to the lockbox address

- Repayment should be made as soon as possible or no later than 120 days

- After 120 days, the account will be referred to HR or University Counsel

- Unit should advise employee to make payment in full before the calendar year deadline- November cutoff

Recovery Procedures- Active Employees

Overpayments discovered AFTER Payday

3. **Full Repayment By Check cont'd**

- If the net payback is not received by November cutoff
  - additional invoice will be issued for the taxes (if applicable)
  - employee may have to sign and return a FICA form with payment
  - If the required FICA form is not sent with the payment, employee will receive another invoice to pay the FICA tax
- FSPR will notify the unit of the new payback amount

Recovery Procedures- Active Employees

Overpayments discovered AFTER Payday

3. **Full Repayment By Check cont'd**

   - When repayment by check is made after the November cutoff, employee will need to wait to file tax return with the W2C

   - The employee is required to repay the gross overpayment amount after the November cutoff because CPB cannot recover income taxes already paid so the over-withheld taxes (tax refund) will be offset with tax liability when the employee files his/her tax return

SEPARATED EMPLOYEE RECOVERY

Recovery Procedures- Separated Employees

Overpayments discovered BEFORE Payday

1. **One time Full Repayment (By Direct Deposit Recovery)**
    -   Contact FSPR by Noon the day before payday
    -   Unit to complete a COF
    -   Notify the former employee not to withdraw or transfer the money before recovery attempt

2. **One time Full Repayment (Return of Paper Paycheck)**
    -   Contact FSPR by 5pm two days before payday
    -   Unit to complete a COF and Payroll Check Cancellation Request Form

Recovery Procedures- Separated Employees

- Overpayments discovered AFTER Payday
  - Contact FSPR immediately
  - Unit to complete the following forms:
    1. Compensation Overpayment Form (COF)
    2. Compensation Reconciliation Worksheet (CRW)
    3. Prior Pay Period Adjustment Form (PPAF)
       - Only when leave is used to offset the partial or entire overpayment amount
    4. Notice of Debt
       - Must be signed by AVP/ADean and the employee

Recovery Procedures- Separated Employees

- Overpayments discovered AFTER Payday (cont'd)
  - FSPR will obtain the net payback amount from System Payroll based on the adjusted gross overpayment amount provided by the Unit
  - FSPR will notify the Unit of the net payback amount
  - FSPR gives the overpayment information to FS-General Accounting (FSGA) to put into the Customer Billing System (CBS)

Recovery Procedures- Separated Employees

- Overpayments discovered AFTER Payday (cont'd)
  - An invoice will be mailed to the employee based on the CPB address listed in eUMB; eUMB home address will be used if there is no CPB address
  - The unit contact information (name of the PR Rep and phone #) will be included on the invoice so that if the employee has questions, unit can assist
  - CBS will generate a dunning letter every 30 days until the balance is paid in full

Recovery Procedures- Separated Employees

- Overpayments discovered AFTER Payday cont'd
  - Payment information is printed on the invoice and the check should be mailed to the lockbox address
  - Repayment should be made as soon as possible or no later than 120 days
  - After 120 days, the account will be referred to CCU and a fee will be added to the account (currently 17%)
  - Unit should advise employee to make payment in full before the calendar year deadline- November cutoff

Recovery Procedures- Separated Employees

- Overpayments discovered AFTER Payday cont'd
  - If the net payback is not received by November cutoff
    - additional invoice will be issued for the taxes (if applicable)
    - employee may have to sign and return a FICA form with payment
    - If the required FICA form is not sent with the payment, employee will receive another invoice to pay the FICA tax
  - FSPR will notify the unit of the new payback amount

Recovery Procedures- Separated Employees

- Overpayments discovered AFTER Payday cont'd
  - When repayment by check is made after the November cutoff, employee will need to wait to file tax return with the W2C
  - The employee is required to repay the gross overpayment amount after the November cutoff because CPB cannot recover income taxes already paid so the over-withheld taxes (tax refund) will be offset with tax liability when the employee files his/her tax return

FORMS & TEMPLATES

Forms

- Compensation Overpayment Form (COF)
  - Purpose:
    - Why was employee overpaid
    - How will employee pay us back
  - Required Form for all overpayments (active/separated employees)
  - The form must be signed by the Associate/Assistant Vice President or Associate/Assistant Dean

Compensation Overpayment Form (COF)

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Compensation Overpayment Form
University of Maryland Baltimore

Employee Name (Last, First):				Pay Period Processed (FY-PP):	
Empl ID/Rcd#/ Paygroup:		0	Pick One	Employee Status:	Pick One
Employee Title:				Empl Class:	Pick One
Department Name:				Payroll Contact:	
Department ID:				Contact phone:	
Gross Amount Overpaid:				Overpaid Period: Begin-End Dates	—

Check Option(s) Applied	Repayment Options	Action(s) Required	Attachment(s)	Available for
☐	Payment In Full- Direct Deposit Recovery	Advise employee not to withdraw the funds from bank account for the recovery attempt	Backup of the overpayment such as resignation letter or Job Data Page	Active or Terminated Employees
☐	Payment In Full- Cancel Paper Paycheck	Complete a Payroll Check Cancellation Request form	Job Data Page **AND** Paper Paycheck **AND** Payroll Check Cancellation Request form	Active or Terminated Employees
☐	Repayment By Future Payroll Deductions	A signed Repayment Agreement between the department and the employee (deduction process cannot be started until FSPR have received the form)	Copy of Signed Employee Repayment Agreement **AND** Compensation Reconciliation Worksheet **AND** Payroll Adjustment Form for the first payroll deduction	Active Employees Only (Except Hourly Employees)
☐	Repayment By Personal Check **OR** Money Order	FSPR- notify the Department the Net Payback Amount based on this form	Job Data/Compensation Page to show salary change or Leave Inquiry page for leave overused **AND** Compensation Reconciliation Worksheet **AND** copy of Notice of Debt	Terminated Employees (Exception request for Active Employees must contact FSPR)
		Department- notify employee an invoice will be sent from UMB for the net payback. Two dunning letters will be sent in 30 days intervals if no/partial payment is received. After 120 days from the initial invoice, and the debt has not been paid in full, it will be referred to the SCCU and a 17% fee is added to all debts sent to the SCCU		
☐	Repayment Through Leave (Holiday & Annual Payout)	Leave reconciliation	Leave Inquiry page **AND** the result of query UMB_ETS_TIMESHEET_HISTORY_EE	Terminated Employees Only
		Calculation of the balance of overpayment after applying available leave payout	Compensation Reconciliation Worksheet **AND** a Payroll Adjustment Form **AND** copy of Notice of Debt	

Check Option(s) – Multiple options can be checked. For Example, repayment through Leave Payout and Check

Attachment(s) – Submit all required attachments with COF

Compensation Overpayment Form (COF)

** Revolving Project ID to be charged if this individual did not pay after 120 days [ ] **1**

Reason of Overpayment:			
Signature of Requestor and Date:		Signature of AVP/A Dean and Date:	**2**
Printed Name & Title:		Printed Name and Title:	

FS-Payroll Use

Entered by/Date:			Reviewed by/Date:		

Form PRF-11 (1/2016)

1. Provide a Revolving Project ID- Any outstanding balances after 120 days may be charged to the department.

2. COF must be signed by Associate/Assistant Vice President or Associate/Assistant Dean

Forms

- Compensation Reconciliation Worksheet (CRW)
  - Purpose:
    - How did you calculate the gross amount due
  - Required worksheet for all overpayments except:
    - Direct Deposit Recovery
    - Canceled Paper Paycheck
  - The worksheet will be attached to the Employee Repayment Agreement or Notice of Debt
  - Send to FSPR to ensure accuracy

Forms

- Compensation Reconciliation Worksheet (CRW)
  - Run the appropriate query and download it to Excel:
    - **UMB_PR_GROSS_BY_EMPLID**

    (Salaried employees- Exempt/Faculty/Post Docs/SPC)

    - **UMB_PR_PAYCHECK_EARNS_BY_EE**

    (Hourly employees- Non Exempt/Hourly/Student)
  - Copy and paste the query results from Excel to CRW as a starting point to reconcile the differences
  - Note: There are 2 different worksheets- Salaried and Hourly
    - use the appropriate worksheet

Compensation Reconciliation Worksheet (CRW)

University of Maryland, Baltimore

Overpayment Calculation Form

Employee Name	Williams, Alan	Prepared By:	Joe Banner
Employee ID:	005678	Contact Phone:	410-706-1243
Dept Name:	Department of Medicine	Termination Date If Applies:	9/5/2015

Compensation information should include Job row prior to the pay period in which the overpayment first occurred

Compensation Information	Job-Compensation Page	
Effective Date	6/1/2015	7/26/2015
Bi-weekly Rate	957.89	800.00
Hourly Rate	36.74	30.60

1

Run query UMB_PR_GROSS_PAY_BY_EMPLID, copy & paste the result below "Empl Name"- insert more rows if nec: Enter correct bi-weekly rate

Empl Name	Empl ID	Empl Record	Earnings Type	Pay Period End	Hours	Earnings	Should have been paid	Difference
Williams,Alan	005678	0	Regular	7/11/2015	80.00	957.89	$ 957.89	$ -
Williams,Alan	005678	0	Regular	7/25/2015	72.00	861.65	$ 957.89	$ 96.24
Williams,Alan	005678	0	Regular	8/8/2015	80.00	957.36	$ 800.00	$ (157.36)
Williams,Alan	005678	0	Regular	8/22/2015	80.00	957.36	$ 800.00	$ (157.36)
Williams,Alan	005678	0	Regular	9/5/2015	80.00	957.36	$ 800.00	$ (157.36)
Williams,Alan	005678	0	Regular	9/19/2015	80.00	800.00	$ 800.00	$ -
							$	$ -
							$	$ -
							$	$ -
					$	5,491.62	$ 5,115.78	(375.84)

2

1. Retrieve Compensation information from Job Data- Compensation Page
2. Run Query UMB_PR_GROSS_PAY_BY_EMPLID for exempt/faculty OR
   Run Query UMB_PR_PAYCHECK_EARNS_BY_EE for non-exempt/hourly employees
   Copy and Paste the query result to the green columns and complete the yellow columns

Forms

- Compensation Reconciliation Worksheet (CRW)
  - If leave balances are used to apply towards the overpayment, the leave reconciliation must also be shown on the CRW (only separated employees can apply leave balances to overpayment)
  - Worksheet instructions and sample are available on the FSPR website

Compensation Reconciliation Worksheet (CRW)

Leave Payout (Check Box)	Applied			Hours		Rate Applied		Amount	
	Not Applicable								Leave Inquiry Page attach with the ETS History page listing all ETS, any ETS
		Annual Leave Balance		2.54	$	30.60		77.73	
		Annual Leave Adj (From A)		(13.86)	$	30.60		(424.12)	
		Adjusted Annual Balance		(11.32)				(346.39)	
									Leave Inquiry Page attach with the ETS History page listing all ETS, any ETS
		Holiday Leave Balance		3.00	$	30.60		91.80	
		Holiday Leave Adj (From B)		(16.00)	$	30.60		(489.60)	
		Adjusted Holiday Balance		(13.00)				(397.80)	
		Adjusted Annual + Holiday Leave I		(24.32)	$	-		(744.19)	

(Adjusted Gross Overpayment) / Final Payout (1,120.03) **If the amount is < 0, change the description to "Remaining Leave Payout**
(after applying leave payout)

Net Payback

Contact FSPR for Net **Department will send request to FSPR for the net payback amount**

(You must send a check before 1/1 or you will receive another invoice for the taxes due to tax year cutoff)

Leave Adjustment worksheet

	Hours	Comments
Annual Adjustments:		
PPE 11/2/13	(16.00)	Reported 16 hours annual leave on paper timesheet, did not get adjusted in the payroll system
PPE 1/25/14	2.14	System did not accrue when he was hired in January, 2014
Total Annual Adj	(13.86) (A)	
Holiday Adjustments:		
PPE 12/28/2013	(24.00)	Reported 24 hours holiday leave on paper timesheet, did not get adjusted in the payroll system
PPE 1/11/14	8.00	System did not accrue New Year Day
Total Holiday Adj	(16.00) (B)	
Personal Adjustments		
Total Personal Ad	0.00	
Sick Adjustments		
Total Sick Adj	0.00	

Reconcile leave balances starting with balances on Leave Inquiry Page.
Departments should list all pay periods that need adjustment to the leave Balances.

Forms

- Payroll Check Cancellation Request
  - Used to cancel a paper payroll check issued in error

- Prior Pay Period Adjustment Form (PPAF)
  - Used to process payroll deductions

- Policy or Procedure Exception Request
  - Request an exception to policy and procedure guidelines for overpayment collection

Notification Templates

- Repayment Agreement
  - Active employees only
  - Notify employee of the compensation overpayment
  - 2 versions to establish repayment terms
    - Repayment by Check/Money Order
    - Repayment by Payroll Deduction
  - Must be signed by the employee and the Associate/Assistant Vice President or Associate/Assistant Dean
  - Template is on the FSPR website

Notification Templates

- Notice of Debt
    - Separated employees only
    - Notify separated employees of the compensation overpayment
    - 2 versions to account for CPB November cutoff - gross payback vs net payback
        - Invoice to be issued before 10/15
        - Invoice to be issued after 10/15
    - Must be signed by the Associate/Assistant Vice President or Associate/Assistant Dean
    - Template is on the FSPR website

Forms & Templates

- ## Where to find them?

Forms & Templates

- Where to find them?

Home / About UMB / Offices / Financial Services / Payroll / Compensation Overpayment

Payroll

Announcements

About the Office

Disbursements

General Accounting

Payroll

- About the Office
- Announcements
- Calendars
- Forms

Compensation Overpayment

1. Compensation Overpayment Form DOC
2. Compensation Reconciliation Worksheet XLSX
3. Repayment Agreement
   a. Payroll Deduction DOCX
   b. Check-Money Order DOCX
4. Notice of Debt
   a. If this template is completed before 10/15, use this link: - Before 10/15 DOCX
   b. If this template is completed after 10/15, use this link: - After 10/15 DOCX
5. Check Cancellation Request DOC
6. Payroll Adjustment Form - Prior Pay Period DOC

ACCOUNTING

Accounting

- Depends on repayment terms and method of repayment:
  1. Credit project(s) directly when repaid or
  2. Move expenses to PCA/original salary account and let payroll deductions zero out or
  3. Move expenses to PCA/2150 and let payroll deductions zero out or
  4. Move expenses to PCA/ Accounts Receivable on balance sheet then apply credit or
  5. Move expenses to PCA/ Accounts Receivable on balance sheet then bill through Customer Billing System (CBS)

Accounting- Scenario#1
Single Payroll Deduction Recovery- Active EE

Example: John Dole was overpaid from 1/1/15-9/7/15 for $500. He agreed to payback in ONE pay period in PPE 10/3/15. He is a regular exempt employee at 36% fringe rate.

Prior Pay Period Adjustment Form (PPAF) will be completed by the department as follows:

PPE	Earnings Code	Amount	Service Begin - End Dates	Combo Code Override
10/3/15	RRR	(400)	1/1/15-6/30/15	Prior year overpayment- Credit to Department PCA
	RRR	(100)	7/1/15-9/7/15	Leave blank- EFP Applies

Reimburse original project(s) by deducting the entire gross overpaid amount of $500 in ONE pay period using Earnings Code 'RRR'. The exact Service Begin/End Dates must be provided. If the overpayment period is crossing fiscal year, the current year overpayment amount should be credited according to the current year EFP. The Combo Code Override field should be left blank and fringes would be reduced accordingly in the current year. Prior year overpayment amount must be credited to the Department PCA. Department will submit a Direct Retro (DR) to move the credit to the appropriate project(s).

Required Forms:
1. Compensation Overpayment Form (COF)
2. Compensation Reconciliation Worksheet (CRW)
3. Prior Pay Period Adjustment Form (PPAF)
4. Repayment Agreement

Accounting- Scenario#2

Multiple Payroll Deduction Recovery- Active EE

Example: John Dole was overpaid from 1/1/15-9/7/15 for $1,500. He agreed to payback in 3 pay periods starting PPE 10/3/15. He is a regular exempt employee at 36% fringe rate.

Prior Pay Period Adjustment Form (PPAF) will be completed by the department as follows:

PPE 10/3/15 (First deduction)	Earnings Code	Amount	Service Begin - End Dates	Combo Code Override
(1)	RRR	(1200)	1/1/15-6/30/15	Prior year overpayment- Credit to Department PCA
	RRR	(300)	7/1/15-9/7/15	Leave blank- EFP Applies
	Transfer the entire gross overpaid amount of $1,500 from the original project(s) to the Department Payroll Clearing Account (PCA-2150) in the first payback period using Earnings Code 'RRR' and the exact Service Begin/End Dates of the overpayment. If the overpayment period is crossing fiscal year, the current year overpayment amount should be credited according to the current year EFP. The Combo Code Override field should be left blank and fringes would be reduced accordingly in the current year. Prior year overpayment amount must be credited to the Department PCA. Department will submit a Direct Retro (DR) to move the credit to the appropriate project(s).			
(2)	GPB	1500	1/1/15-9/7/15	Dept PCA
	Charge entire Gross Payback (GPB) to the Department PCA, earnings code 'GPB' is mapped to account 2150			
(3)	GPB	(500)	9/20/15-10/3/15	Dept PCA
	Payroll deduction from employee's paycheck. Earnings code 'GPB' is mapped to account 2150			

Required Forms:
1 Compensation Overpayment Form (COF)
2 Compensation Reconciliation Worksheet (CRW)
3 Prior Pay Period Adjustment Form (PPAF)
4 Repayment Agreement

To be continued …

Accounting- Scenario#2 (cont'd)

Multiple Payroll Deduction Recovery- Active EE

FSPR would enter the payroll deduction in the payroll system based on the approved PPAF and Repayment Agreement, no additional PPAF is required

PPE	Earnings Code	Amount	Service Begin - End Dates	Combo Code Override
PPE 10/17/15 (2nd deduction)				
(1)	GPB	(500)	10/4/15-10/17/15	Dept PCA
	Payroll deduction from employee's paycheck. Earnings code 'GPB' is mapped to account 2150			
PPE 10/31/15 (Last deduction)				
(1)	GPB	(500)	10/18/15-10/31/15	Dept PCA
	Payroll deduction from employee's paycheck. Earnings code 'GPB' is mapped to account 2150			

The gross overpayment of $1,500 charging to PCA-2150 is zero at the end of PPE 10/31/15

Accounting- Scenario #1 & #2 Single/Multiple Payroll Deduction- Active EE

- Reimburse the overpayment project(s) using earnings code 'RRR' on a Prior Pay Period Adjustment Form (PPAF)
  - Current year overpayment can be credited directly to the overcharged project(s) by
    - Using the combination of Earnings Code 'RRR' and the exact service begin/end dates for the current year overpayment
    - leaving the Combo Code field blank

… to be continued

Accounting- Scenario #1 & #2 Single/Multiple Payroll Deduction- Active EE

- If an overpayment amount involved previous fiscal year, it cannot be credited directly to the overcharged project(s) because
  - Leaving Combo Code blank on PPAF will result in crediting the fix EFP (last EFP from prior FY) and it may not be the correct distribution
  - May cause more work to correct the wrong distribution
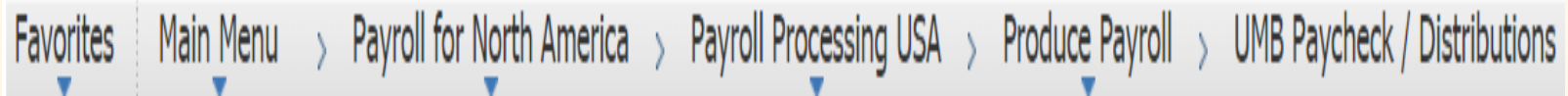
Accounting- Scenario #1 & #2 Single/Multiple Payroll Deduction- Active EE

- Prior year overpayment amount must be credited to the Department PCA on PPAF by
  - Entering the Department PCA on PPAF for the prior year portion of the overpayment
    - see Scenario 1 & 2 for the overpayment crossing fiscal years
  - Enter 'RRR' for the payroll deduction
  - Department will need to move the prior year overpayment on the PCA as credits to the appropriate project(s) by creating DR(s)

Accounting- Scenario #1 & #2 Single/Multiple Payroll Deduction- Active EE

- 'RRR' credits caused by overpayments on PCA will be on salary account

- Review details of the credit on Payroll Charges Detail Report (PCD) can go to the UMB Payroll/Distribution Page

Favorites	Main Menu	>	Payroll for North America	>	Payroll Processing USA	>	Produce Payroll	>	UMB Paycheck / Distributions

- – Begin/end dates related to the overpayment amount

- Create DR(s) to move the credit to the appropriate project(s)

Accounting- Scenario#3
Direct Deposit/Paper Paycheck Recovery

Example 1: Tom Smith was overpaid for an entire pay period from 1/10/16-1/23/16 for $300. He agreed of our attempt to recover his direct deposit from the bank. He is a regular exempt employee at 36% fringe rate. (handle the same way for active/separated employee)

Example 2: Tom Smith was overpaid for an entire pay period from 1/10/16-1/23/16 for $300. He agreed of the check cancellation He is a regular exempt employee at 36% fringe rate. (handle the same way for active/separated employee)

The accounting procedures apply to both Example 1 and Example 2

Pay Period End Processed	Gross Salary	Calc Fringe Amount	Service Begin - End Dates	Combo Code
1/23/16	300	108	1/10/16-1/23/16	Project A- (EFP Applies)
	Account 1013	Account 2791		

UMB Payroll Charges Detail Report (PCD)- Salary & calc fringe expenses charged to Project A according to the EFP

Required Forms: 1. Compensation Overpayment Form (COF) - For Both Examples
2 Payroll Check Cancellation Request (only for requesting a check cancellation)

To be continued ...

Accounting- Scenario#3 (Cont'd)

Direct Deposit/Paper Paycheck Recovery

Unit to complete all required forms. SPAC-CC Creates and enters a Direct Retro (DR) to move the charges from the original project to the Unit PCA - 7173 (A/R- Payroll Related). Account 7173 will not appear on PCD.

Pay Period End Processed	Gross Salary	Calc Fringe Amount	Service Begin - End Dates	Combo Code
2/6/16	(300) Account 1013	(108) Account 2791	1/10/16-1/23/16	Project A

Credit the original project (Project A) and charge to the Unit PCA-7173. Note: HRMS will automatically calculate and reduce fringes accordingly.

2/6/16	300 Account 7173	-	1/10/16-1/23/16	Dept PCA- 7173

Charge the Unit PCA-7173 and credit the original project (Project A). Note: No fringes is charged to Account 7173

Received a repayment check from the overpaid employee and taxes from CPB

2/20/16	(300) Account 7173		2/20/2016	Dept PCA- 7173

FSPR enters a journal entry in Financials to credit the Unit PCA- 7173.

Accounting- Scenario#4

Full Repayment- Check (Active/Separated EE)

Example: Tom Smith was overpaid for $1,000 from 12/13/15-12/26/15. He is a regular exempt employee at 36% fringe rate. He will repay by check/money order. (handle the same way for active/separated employee)

Pay Period End Processed	Gross Salary	Calc Fringe Amount	Service Begin - End Dates	Combo Code
12/26/15	1000	360	12/13/15-12/26/15	Project A- (EFP Applies)
	Account 1013	Account 2791		

UMB Payroll Charges Detail Report (PCD)- Salary & calc fringe expenses charged to Project A according to the EFP

Required Forms:
1. Compensation Overpayment Form (COF)
2. Compensation Reconciliation Worksheet (CRW)
3. Repayment Agreement (Active EE) / Notice of Debt (Separated EE)

To be continued ...

Accounting- Scenario#4 (cont'd)
Full Repayment- Check (Active/Separated EE)

Unit to complete all required forms. SPAC-CC Creates and enters a Direct Retro (DR) to move the charges from the original project to the Unit PCA - 7173 (A/R- Payroll Related). Account 7173 will not appear on PCD.

Pay Period End Processed	Gross Salary	Calc Fringe Amount	Service Begin - End Dates	Combo Code
1/23/16	(1000)	(360)	12/13/15-12/26/15	Project A
	Account 1013	Account 2791		

Credit the original project (Project A) and charge to the Unit PCA-7173. Note: HRMS will automatically calculate and reduce fringes accordingly.

1/23/16	1000		12/13/15-12/26/15	Dept PCA- 7173
	Account 7173			

Charge the Unit PCA-7173 and credit the original project (Project A). Note: No fringes is charged to Account 7173

Received a repayment check from the overpaid employee and taxes from CPB

2/20/16	(1000)		2/20/2016	Dept PCA- 7173
	Account 7173			

FSPR enters a journal entry in Financials to credit the Unit PCA- 7173.

Accounting- Scenario#5
Repayment- Leave Payout Applied (Separated EE Only)

Example: Jane Doe was overpaid from 1/1/15-9/7/15 for $1,000. She was terminated. After reconciling her leave, the Unit found that her payout amounted to $1,500, so $1,000 would be used to setoff her overpayment. She would receive a remaining payout of $500 in PPE 10/3/15.

Prior Pay Period Adjustment Form (PPAF) would be completed by the Unit as follows

PPE 10/3/15	Earnings Code	Hours	Amount	Service Begin - End Dates	Combo Code Override
(1)	RRR		(700)	1/1/15-6/30/15	Prior year overpayment- Credit to Department PCA
	RRR		(300)	7/1/15-9/7/15	Leave blank- EFP Applies
	Reimburse original project(s) using her available leave balances. The exact Service Begin/End Dates must be provided. If the overpayment period is crossing fiscal year, the current year overpayment amount should be credited according to the current year EFP. The Combo Code Override field should be left blank and fringes would be reduced accordingly in the current year. Prior year overpayment amount must be credited to the Department PCA. Department will submit a Direct Retro (DR) to move the credit to the appropriate project(s).				
(2)	OFH	20	400	9/20/15-10/3/15	0000015682
	Payout of 20 hours Holiday using Earnings Code "OFH" to offset the overpayment, $400 would be charged to 0000015682				
(3)	OFA	30	600	9/20/15-10/3/15	0000015682
	Payout of 30 hours Annual using Earnings Code "OFA" to offset the overpayment, $600 would be charged to 0000015682				
(4)	FPA	25	500	9/20/15-10/3/15	0000015682
	Payout of the remaining Annual Leave using Earnings Code "FPA", a paycheck of $500 would be issued to the separated employee				
	Gross Check Amount $500.00				

Required Forms:
1. Compensation Overpayment Form (COF)
2. Compensation Reconciliation Worksheet (CRW)
3. Notice of Debt

Accounting- Scenario#6
Repayment- Combination of Leave & Check (Separated EE)

Example: Jane Doe was overpaid from 1/1/15-9/7/15 for $1,000, $550 from 1/1/15-6/30/15 and $450 from 7/1/15-9/7/15. She was terminated. After reconciling her leave, the Unit found that her payout amounted to $600, the entire payout would be used for her overpayment. The remaining debt of $400 would be paid by check/money order.

Prior Pay Period Adjustment Form (PPAF) would be completed by the Unit as follows:

PPE 10/3/15	Earnings Code	Hours	Amount	Service Begin - End Dates	Combo Code Override
(1)	RRR		(550)	1/1/15-6/30/15	Prior year overpayment- Credit to Department PCA
	RRR		(50)	7/1/15-9/7/15	Leave blank- EFP Applies

Repay the portion of gross overpayment by applying her available leave balance, amount of $600 using a Prior Pay Period Adjustment Form (PPAF). Prior year overpayment must be credited to the Department PCA. Department will submit a Direct Retro (DR) to move the credit to the appropriate project(s). She was overpaid $550 in the previous fiscal year so it would be credited to the PCA using Earnings Code 'RRR' with the exact Service Begin/End Dates of the overpayment. The Combo Code Override field should be left blank for the overpayment in the current fiscal year.

(2)	OFA	30	600	10/3/15-10/3/15	0000015682

Payout of 30 hours Annual using Earnings Code "OFA" to offset the overpayment, $600 would be charged to 0000015682

Required Forms:
1 Compensation Overpayment Form (COF)
2 Compensation Reconciliation Worksheet (CRW)
3 Notice of Debt
4 Prior Pay Period Adjustment Form

To be continued ...

Accounting- Scenario#6 (cont'd)
Repayment- Combination of Leave & Check (Separated EE)

Continued- Employee's remaining debt was $400 and it would be paid by check/money order. SPAC-CC would create and enter a DR to move the charges to the Unit PCA-7173 (A/R).

Unit to complete all required forms. SPAC-CC Creates and enters a Direct Retro (DR) to move the charges from the original project to the Unit PCA - 7173 (A/R- Payroll Related). Account 7173 will not appear on PCD.

Pay Period End Processed	Gross Salary	Calc Fringe Amount	Service Begin - End Dates	Combo Code
10/17/15	(400)	(144)	7/1/15-9/7/15	EFP- Project A
	Account 1013	Account 2791		
	Credit the original project (Project A) and charge to the Unit PCA-7173. Note: HRMS will automatically calculate and reduce fringes accordingly.			
10/17/15	400	-	7/1/15-9/7/15	Dept PCA- 7173
	Account 7173			
	Charge the Unit PCA-7173 and credit the original project (Project A). Note: No fringes is charged to Account 7173			

Received a repayment check from the overpaid employee and taxes from CPB

11/28/15	(400)		7/1/13-9/7/13	Dept PCA- 7173
	Account 7173			
	FSPR enters a journal entry in Financials to credit the Unit PCA- 7173.			

RESPONSIBILITIES

Responsibilities

- Employees
  - Periodically review paychecks for accuracy
  - Notify supervisor of any overpayments
  - Sign repayment agreement
  - Repay any overpayments

Responsibilities

- Units
  - Timely review of compensation payments to employees
  - Notify FSPR (use DL-BF Payroll Help email) immediately when an overpayment is discovered
  - Complete the appropriate forms
  - Discuss with FSPR various repayment options before repayment terms are finalized
  - Communicate overpayment information and requirements to active and separated employees
  - Administer Repayment Agreements and Notices of Debt

Responsibilities

- Units (continued)
  - Periodically review accounts receivable aging reports for account 7137- CBS Payroll
    - UMB Systems Tutorials Browser from myUM Portal
      - Select UMB Customer Billing System
      - Select Using the CBS Aging Report
  - Monitor and resolve issues related to open receivables
  - Provide a project number on the COF for unpaid balances transferred to CCU
  - PR Reps communicate with CA staff

Responsibilities

- Associate/Assistant VP or Associate/Assistant Dean or ***Designee**
  - Approve Compensation Overpayment Form (COF)
  - Approve Notices of Debt/Repayment Agreements

    Note: *Designee- Send an email to Susan McKechnie from the AVP/A Dean to assign a designee

Responsibilities

- Department of Financial Services- FSPR
  - Provide acceptable repayment options to units
  - Provide payback amount upon request
  - Process payroll deductions according to the signed Repayment Agreement
  - Prepare journal entries to credit PCA-A/R when payment is received
  - Prepare documentation for CPB to make the appropriate adjustments to the employee record

Responsibilities

- Department of Financial Services- FSGA
  - Enter invoices into the Customer Billing System
  - Send the delinquent accounts to the state Central Collections Unit (CCU) and charge unit revolving fund chartstring
    - If CCU collects the delinquent account and forwards payment to UMB, FSGA will credit the same revolving fund chartstring

Responsibilities

- ## SPAC- CC: Costing & Compliance
  - Create and process Direct Retro Requests to charge the overpayment to PCA-A/R

Available Guidance

- Procedures on Financial Services website: http://www.umaryland.edu/media/umb/af/fs/policies/Procedure-3315-Compensation-Overpayment-and-Recovery.pdf

- This Presentation at FSPR Website

- Summary Chart of Forms

- Overpayment Flowcharts

- Department Payroll Processing- Access UPK: http://cf.umaryland.edu/ondemandtraining/enterprise/PlayerPackage/data/toc.html

OLD BALANCES IN ACCOUNT 2150

Balances in Account 2150

- In July 2014 we started using the method of creating Direct Retros to move expenses to the PCA for repayments by check
  - *Balance remains because repayment was credited by Journal Entry and not in HRMS*
- New methodology of moving overpayments to A/R when recovery is by check will address this issue
- Need to clean up the old balances

Balances in PCA-Account 2150

- Repayment by <u>Payroll Deductions</u>
  - Balance in PCA-2150 will be zero when all payroll deductions are completed
  - No Action is required

- Repayment by <u>Check</u>
  - Check has been received
    - SPAC-CC will create and process a DR to remove the charges from PCA-2150
  - Check has not been received
    - SPAC-CC will redistribute all outstanding debts from PCA-2150 to PCA-7173
    - These debts should already be in the Customer Billing System

Conclusion

- Overpayment recovery can be a complicated and long process
- Once an overpayment occurs, up to 11 parties get involved with the process as shown below:
    1. Employee
    2. Unit Payroll Rep
    3. Unit CA Users
    4. AVP/A Dean
    5. HR
    6. Legal
    7. FSPR
    8. FSGA
    9. SPAC-CC
    10. System Payroll
    11. CPB

Conclusion

- ****DO NOT Overpay**** your employees!
- Review Cost Center Report each pay period before we send down the gross pay file to CPB
- Get timesheets completed timely

Key Contacts

- FS- Payroll- 6-1243
  - DL-BFPayrollHelp@umaryland.edu
- SPAC- Costing & Compliance- 6-2987
  - effort@umaryland.edu

Questions or Comments on Compensation Overpayment Recovery Procedures