



BOISE STATE UNIVERSITY

University Policy 7540

Payroll Overpayments and Underpayments

Effective Date

July 2019

Responsible Party

Human Resources, (208) 426-1616

Scope and Audience

This policy applies to all University employees.

1. Policy Purpose

To establish the process for identifying and resolving compensation overpayments and underpayments to Boise State University employees.

2. Policy Statement

Employees, supervisors, departments, and Human Resources each have a responsibility to prevent and report any overpayment or underpayment immediately, regardless of who made the error.

3. Responsibilities

Human Resources is responsible for making timely and accurate salary payments to employees subject to information provided by University departments and employees. On occasion, due to errors in processing, timeliness of submission, and reporting, an employee may be paid more or less than is owed. Supervisors are responsible for approving hours worked on the timesheet, and department administrators are responsible for reviewing payroll reports after each pay period to

ensure there are no discrepancies in employees' pay. An employee is responsible for reviewing the employee's pay statements after each pay period to ensure there are no discrepancies in pay. When an employee becomes aware of an overpayment or underpayment, the employee is responsible for reporting it directly to Human Resources and to the employee's department administrator. A department administrator who becomes aware of an overpayment or underpayment must report it to Human Resources as soon as the error is discovered.

4. Administration Process

When an error is reported, Human Resources will:

- Confirm the gross salary overpayment/underpayment;
- Calculate the net overpayment/underpayment due;
- Notify the employee of the overpayment/underpayment;
- In the case of overpayment, notify the employee of repayment options and provide the employee with an opportunity to choose an option;
- Document in the employee's personnel file the notification to the employee, including any response by the employee and any repayment schedule;
- Manage the recovery process;
- Credit the department after the overpayment is fully recovered;
- Reconcile the overpayment amount;
- Complete a W-2C, if applicable.

5. Recovery of Overpayment

- a. If the overpayment is less than \$100, it will be deducted from the employee's next paycheck following notification unless the employee arranges a different repayment option. An overpayment amount over the \$100 can be repaid over a period of time, not to exceed one year, or an amount of time equal to the time over which the overpayment was incurred, whichever is shorter. Human Resources will perform due diligence to collect any overpayment in the calendar year in which the overpayment occurred.
- b. Repayment options:

- Pay online using a debit or credit card
 - Set up payroll deduction
 - Repay by personal check
- c. If the employee terminates employment before the overpayment has been fully recovered, Payroll may deduct the outstanding amount of the overpayment from the employee's final paycheck including from any accrued vacation. If there is an unpaid amount left after the final paycheck deduction, the University reserves the right to continue the recovery process through the Accounts Receivable department, including external collections.
- d. An employee must repay all overpayment amounts, regardless of how or why the overpayment occurred.
- e. An employee's department may not collect the overpayment or arrange a recovery schedule from the employee.

6. Underpayment

If Human Resources is notified and confirms an underpayment occurred, Human Resources will resolve the underpayment in the next paycheck following notification.

Revision History