**Payroll Overpayments Resulting in FSS/PPS No. 03.21**

**Claims and Restitution Issue No. 3**

 **Effective Date: 09/27/2021**

 **Next Review Date: 10/01/2025 (E4Y)**

 **Sr. Reviewer: Director, Payroll and Tax Compliance**

**POLICY STATEMENT**

*Texas State University will comply with state of Texas regulations for the collection of excess payments of compensation.*

1. **PURPOSE**
	1. The purpose of this policy is to prevent the university from violating any applicable law or rule of the state of Texas or the United States. This policy establishes responsibility and procedures to prevent payroll overpayments which create payroll claims, reconciliations, collection methods, and restitution to the university and the responsible department.

01.02 All university policy must conform to state law, as found in the [general provisions](https://fmx.cpa.state.tx.us/fm/pubs/paypol/general_provisions/index.php?section=overpayments&page=overpayments#stateemployee) of the Texas Payroll and Personnel Resource.

**02. DEFINITIONS**

02.01 Payroll Claim – occurs when a university employee has received an excess payment of compensation; repayment may be necessary.

02.02 Compensation – specifically includes base salary or hourly wages, additional assignment pay, longevity, hazardous duty pay, benefit replacement pay, or any other pay which the employee was not entitled to.

**03. PROCEDURES FOR DOCUMENTATION OF EMPLOYEE TERMINATION**

03.01 Responsible departments must prepare an employee termination Personnel Change Request (PCR) upon the submittal of an employee resignation document or supervisor termination where the right to work at the university has been severed or no longer valid.

03.02 PCRs must be prepared in a timely manner, as failing to do so may result in an overpayment to an employee for the current payroll period and subsequent periods. This can apply to student, hourly, staff or faculty employees.

03.03 Upon notification by the responsible department to the Payroll and Tax Compliance Office or upon the processing of subsequent payrolls, a payroll claim for overpayment in SAP may be created that reduces the departmental payroll expense and creates an entry in the Accounts Receivable-Payroll Claims account for the university.

03.04 The terminated employee’s payroll records will be reviewed, and a reconciliation prepared as to the exact amount owed to the university.

03.05 Preceding the collection process, a journal entry will be prepared to record the expense back to the responsible department’s payroll accounts until the payroll claim has been reimbursed to the university.

03.06 The collection process will begin with the first billing being prepared and sent to the terminated employee, followed by a second and third notice, each 30 days or so apart.

03.07 During this process, if the terminated employee agrees to reimburse the university in full or a payment plan is initiated, the collection process will be terminated or suspended.

03.08 Following no response, refusal to pay, or a failed payment plan the overpayment claim will be recorded at the State Comptroller’s Office on the state hold list. This state hold will be in effect if in the future this individual were to work for another state agency and attempt to be reimbursed. This would result in those funds being returned to the university and applied to the debt owed.

03.09 When a claim balance exists for a former employee who attempts to withdraw the employee portion of their Texas Teacher Retirement System (TRS) deductions, the TRS termination certification will not be completed by the university until the balance is paid.

**04. REVIEWERS OF THIS PPS**

04.01 Reviewers of this PPS include the following:

Position Date

Director, Payroll and October 1 E4Y
Tax Compliance

Assistant Director, Payroll and October 1 E4Y
Tax Compliance

**05. CERTIFICATION OF STATEMENT**

This PPS has been approved by the following individuals in their official capacities and represents Texas State Finance and Support Services policy and procedure from the date of this document until superseded.

Director, Payroll and Tax Compliance; senior reviewer of this PPS

Associate Vice President for Financial Services

Vice President for Finance and Support Services