

RULE 10.2 – OVERPAYMENTS TO EMPLOYEES AND CONTRACT EMPLOYEES

Adopted Date: 10/03/2005

Revised Date: 01/03/2012

PURPOSE

For various reasons, an employee may be paid more than is due. When this is detected, provisions shall be made for the repayment of the overpayment. Any variances from this rule shall be approved by the Controller's Office, Payroll Division.

DEFINITIONS

Overpayment – Cash or paid leave that has been overpaid regardless of the reason.

RULES

Active Employees:

1. When a department/agency determines that an employee has been overpaid, the department/agency shall notify the Controller's Office, Payroll Division, by email without delay.
2. When an employee determines that he/she has been overpaid he/she shall notify his/her supervisor and the Controller's Office, Payroll Division, without delay.
3. When the Controller's Office, Payroll Division, discovers that an employee has been overpaid the Controller's Office, Payroll Division shall contact the employee's supervisor and the employee without delay.
4. If it is determined that the employee has been overpaid, or received more pay than he/she is entitled, the employee shall be given a written notice from the Controller's Office, Payroll Division, containing the reasons for the overpayment, the amount of the overpayment, and supporting documentation explaining how the overpayment was calculated.

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5. The employee shall pay the overpayment back in the paycheck(s) following the discovery of the overpayment.
 - A. When repaying an overpayment in no event shall the amount an employee receives in any paycheck fall below minimum wage.
 - B. The employee shall be required to repay the gross amount of the overpayment, rather than the net amount after taxes have been withheld.
 - C. The employee's wages shall be reduced by the amount of the overpayment which will reduce the employee's taxable income and Social Security and Medicare wages, as well as withheld federal income, Social Security and Medicare taxes.
 - D. A Manager in the Controller's Office, Payroll Division, may allow the employee to make repayments to the City and County of Denver (city) by having his/her pay reduced in subsequent pay periods in equal installments if the repayment will cause a financial hardship to the employee.
6. Under no circumstances shall a payment arrangement be allowed to cross tax years. If repayments cannot be made by the end of the calendar year by payroll deductions, the employee shall make the balance of the repayment in a lump sum at the end of the calendar year. Any exception to this rule shall be approved by a Manager in the Controller's Office, Payroll Division.
7. If an employee, in the process of repayment, is terminated for any reason prior to full repayment of any overpayment owed to the city, that employee shall have withheld from any money owing the employee upon termination, an amount sufficient to provide full repayment.
8. If the amount owing the employee at termination is insufficient to provide full reimbursement to the city, the city shall have the right to exercise any and all other legal means to recover the additional amount owed.

Terminated Employees:

9. In the event the overpayment is not discovered until after the employee's employment with the city is terminated for any reason, the employee will be given a written notice from the Controller's Office, Payroll Division, containing the reasons for the overpayment, the amount of the overpayment, and supporting documentation explaining how the overpayment was calculated. Repayment shall be made by doing one of the following:
 - A. The overpayment will be withheld from any amounts owed the employee by the city for such items as paid time off, vacation leave, and sick leave.
 - B. The employee shall present certified funds made payable to the **Manager of Finance** within 30 days of notification.

10. If the employee does not remit payment in full the city shall have the right to exercise any and all legal means to recover any amounts determined to be owed the city.

AUTHORITY AND ACCOUNTABILITY

The **Controller's Office** is responsible for this fiscal accountability rule and any procedures, guides, job aids, forms, and one-page summaries associated with this rule.

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