

SECTION 13: SPECIAL PROCESSES

Overpayments

INTRODUCTION

Salary overpayments result whenever an employee has been paid more compensation than due. Agency action upon discovery of a salary overpayment depends on a number of factors. See [Exhibit 1, Salary Overpayment Flowchart](#) for an overview of the Human Resource Service Center (HRSC) and Human Resource (HR) office steps. Also see [Exhibit 2](#), for an overview of the complete salary overpayment process.

Recovery must occur in a reasonable and timely manner as specified in [AAM 330.010 General Collection Policy](#). The employee must be notified immediately and the collection process initiated. When an employee separates from state service, collection becomes much more difficult and the methods of processing change. Examples of demand letters for separated employees are attached as Exhibits 5 and 6.

Overpayments must be recovered through payroll for active employees. This method provides documentation of collection, and for gross overpayments, automatic correction of employee wages. When payroll deductions are not possible because the individual is inactive (seasonal LWOP, Military LWOP, etc) or is separated from state service, recovery may be through receipt of a personal check from the individual. The inactive employee's expected return may change the method of collection. For example, if a seasonal employee is returning to work in the near future, collection should be made through payroll deduction, but if an employee is on extended active military duty, collection should be requested through a personal check.

Overpayments are either recovered as gross wage offsets or deductions from net pay. For active employees, wages overpaid in the current calendar year must be collected as gross wage offsets. All prior year overpayments and current year overpayments for inactive or separated employees must be calculated to net. Pursuant to IRS regulations, if prior year wages received in error are repaid in the current year, current year wages cannot be offset. The wages paid in error remain taxable to the employee in the year paid (constructive receipt).

Recovering an overpayment is the responsibility of the HRSC or HR office that generated it even when the employee transfers to another department. When this occurs, the responsible agency may need to request the new employing HRSC or HR office enter the appropriate AKPAY transactions with override labor distribution.

DEFINITIONS

Gross Recovery

A gross recovery reduces an employee's pay by deducting gross dollar amounts *prior to taxes* being calculated.

NET Recovery

A net recovery is a flat amount deduction from an employee's paycheck, taken *after taxes* have been calculated. It can also be a collection by personal check. Net dollar amounts are dollars that have been reduced by things such as SBS, retirement and taxes.

NET Receivables

A net receivable is a record in AKSAS showing the net dollar amount owed to the State by the employee.

Personnel Service Expenditures

Salaries and wage amounts paid to an employee and charged to each department.

AKSAS Receivable Account

An account in AKSAS that records amounts owed to the State. Once the dollars are collected from the employee, the account is credited and brought back to zero.

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Calendar Year Paid

Total wages **paid** in a calendar year (1/1/xx – 12/31/xx). For example, pay periods 12/16/04 – 12/15/05 for SEMI. The 12/31/04 pay period is issued and the employee had use of the funds in 2005, making it is taxable to the employee and considered wages in 2005 (constructive receipt).

Calendar Year Earned

Totals wages **earned** in a calendar year (1/1/xx – 12/31/xx) and based on when the work was performed. For example, pay periods 1/1/04 – 12/31/04 for SEMI. Retirement and Benefits (R&B) determines retirement wages based on the calendar year earned.

AKPAY TRANSACTIONS

AKPAY transactions are processed to recover the overpayment from any future payroll warrants issued to the employee, to correct employee accumulators, to credit agency expenditures, and to record receivables for overpayments.

E119 Salary Overpayment Negative Gross Earnings Records. Gross records are set up on the A5x screen and generate automatic transactions to collect gross recoveries of current calendar year overpayments. The employee’s W-2 wages and all appropriate employee and employer charges are reduced for gross collections of overpayments occurring in the current calendar year. E119 recoveries and AJ warrant transactions reduce agency personnel services expenditures when interfaced to AKSAS.

V061 Salary Overpayment Net Deduction Records. Net records are set up on the A7x screen and generate automatic transactions that collect net recoveries of prior year overpayments. HRSC or HR office staff calculate and establish the net amount of the deduction (less employee Retirement and SBS, if applicable). Net deductions do not affect the employee’s current or prior years W-2 wages. V061 recoveries credit the account 10173 when interfaced to AKSAS.

V060 Overpayment Receivable. This record is processed in an AJ type warrant on the A9x screen by the Division of Finance and records an overpayment receivable. V060 transactions record the net amount due to the State from the employee and debits account 10100 when interfaced to AKSAS.

Overpayment receivables must be established in AKSAS for the following types of overpayments:

- 1) for a separated or inactive employee
- 2) discovered the following calendar year for an active employee, or
- 3) changing a gross recovery to a net recovery at calendar year end

V700–741 Department Miscellaneous Deduction Codes. Net deduction codes can be used to collect amounts owed the State for items such as overpaid travel/moving payments, damaged or lost equipment, inappropriate personal phone or credit card charges, or other property.

AJ Type Warrant

AKPAY AJ Type warrants are processed on the A9 screen by the Division of Finance (DOF) for all prior year overpayments and current year overpayments for inactive or separated employees. The AJ warrant transactions include:

AKPAY AJ Type Warrant (A9x)		
AKPAY ETV	Sign (- or +) in AJ	Purpose
E119	-\$\$\$\$	Reduces agency personnel expenditure
E500	\$\$\$\$	Recovers employee SBS (if applicable and available)
E51x	\$\$\$\$	Recovers employee retirement (if applicable and available)
V800	-\$\$\$\$	Recovers employer SBS (if applicable and available)
V84x	-\$\$\$\$	Recovers employer retirement (if applicable and available)
V060	-\$\$\$\$	Records overpayment receivable

AKSAS TRANSACTIONS

AKPAY AJ transactions posts as follows:

AKPAY V060 AJ Type Warrant (A9x)		AKSAS Account Posting	
AKPAY ETV	Sign (- or +) in AJ	Debit	Credit
E119	-\$\$\$\$	29930	71172
E500	\$\$\$\$	69050	29930
E512	\$\$\$\$	65951	29930
V800	-\$\$\$\$	69050	71790
V840	-\$\$\$\$	65951	71800
V060	-\$\$\$\$	10100	29930

990xx **Project structure for prior year overpays.** Used to track prior year overpayments. In the project code, xx equals department number, e.g., PJ 99002 is Department of Administration and PJ 99018 is Department of Environmental Conservation. Online GENEVA report 63425 was created for agency use in monitoring activity in their project structure.

610-10 **Add Ledger code for LC 50xxxxx.** A ledger code is established by departmental finance staff for current year overpayments for inactive or separated employees and all prior year overpayments. The format is 50xxxxxx where xxxxxx is the six-digit employee ID from the Employee Base 12X screen in AKPAY (not PCN or SSN). The ledger code should point to Project 990XX where XX equals the agency number. The ledger code must be established in AKSAS prior to the interface of the first payroll run after the V061 is collected in AKPAY or the processing of the AKPAY AJ type warrant transaction. See Exhibit 6 for the transaction to establish the ledger code.

210-11 **Agency Receipt – Miscellaneous Accounts.** Records the receivable for a net salary overpayment recovered by personal check from an inactive or separated employee. Record receivable to appropriate labor distribution as follows:

- Current calendar year overpayment and recovery: CC63000300 AC 29930

Note: The check must be deposited and the agency receipt recorded by the end of the calendar year, 12/31/20xx,

- Prior calendar year overpayment, current calendar year recovery: CC 50010173; LC 50xxxxxx (xxxxxx is six-digit employee ID) AC 10173

430-11 **Agency Journal Entry.** An AJE transaction used to process an Abatement Reversal to debit current year expenditures and credit prior year recovery for material, prior fiscal year overpayment recoveries.

PROCEDURES**Discovery**

When an overpayment is discovered, immediately determine and document the reason for the overpayment. If necessary, take immediate steps to prevent the error from reoccurring by making any necessary corrections to AKPAY. If the employee is separated, immediately contact Retirement and Benefits (R&B) to determine if the employee's SBS and/or retirement accounts have been refunded. Putting a hold on the accounts will allow recovery of employee and employer contributions on the overpayment.

Audit

Determine the amount of the overpayment using a spreadsheet showing the difference of what *was paid* versus what *should have been paid*. The difference must be calculated for each pay type in each period where a difference occurs. The individual differences are subtotaled by calendar year(s) *paid* and calendar year(s) *earned*. In order to comply with IRS overpayment recovery rule, the year the overpayment occurs is based on the calendar year in which the employee was *paid* (constructive receipt). R&B determines retirement wages based on the calendar year *earned*.

Overpayments for items such as cash-ins, terminal leave, tool or uniform/cleaning allowances must be recorded separately on the spreadsheet from other earning types.

If an employee is both underpaid and overpaid wages, other than those listed above, combine all amounts for the year on the spreadsheet. The total of all adjustments determines whether the employee is over or underpaid for the year.

Forgiveness

Determine if all or part of the overpayment should be forgiven. [Personnel Rule 2 AAC 07.395](#) and some bargaining unit contracts include rules for forgiving salary overpayments based on the amount and/or when the overpayment was discovered. See Exhibit 4 for a summary of these provisions by contract. If the relevant contract provides the total overpayment should be forgiven, document the overpayment and forgiveness for the HRSC or HR office employee's file. Also forward a copy to the Division of Finance (DOF) for the permanent employee file. If not forgiven, the agency should take steps to recover the overpayment from the employee.

Collections

Determine whether the overpayment is to be collected as a gross wage offset or a deduction from net pay. For current year overpayment recoveries for active employees, proceed to the Gross Recovery section. For all prior year overpayments and current year overpayments for inactive or separated employees, proceed to the Net Collections section.

Gross Recovery

If the overpayment is discovered in the same calendar year in which it occurred, the overpayment is collected as gross through payroll deductions set up on the A5 screen or entered in an adjustment batch, using an E119 code or actual earnings code.

Employee Notification

The employee should be immediately notified and a payment plan established. Recovery must occur in a reasonable and timely manner as outlined in [AAM 330.010 General Collection Policy](#). The materiality of the overpayment, the period of time over which it occurred, and the reason for the overpayment are used to determine a collection plan. Every effort should be made to collect the overpayment by the end of the calendar year. It is especially important that all current year overpayments be collected by the end of the calendar year to avoid additional processing and to ensure the employee's taxable wages are properly adjusted.

A5 Record Set Up

If the overpayment involves non-retirement earnings such as cash-ins, terminal leave, tool or uniform/cleaning allowances, set up the overpayment as a negative amount using the original earnings code on the A5 screen. This will prevent retirement from being adjusted when the overpayment is collected. For cash-ins and terminal leave setups, be sure to use the appropriate 760200xx or 760100xx cc in the **LABOR DISTR** field.

The original overpaid earnings code can also be used if the overpayment involves correcting hours as well as dollars and is being collected in one payment such as an overpaid holiday or overtime hours. One time collections can also be entered in an adjustment batch. Set up other current year gross

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overpayments which extend beyond one pay period collection using an E119. For all setups, use negative flat amounts and negative high limit dollar amounts and an end date of the last pay period of the year (i.e., 12/15/xx for SEMI). Always use the full amount of the gross overpayment for the high limit, even if not fully collecting by year end. If an E119 record already exists from a prior collection, set up a new record for the current overpayment amount. It is not necessary to add the prior and current high limits together on this screen unless the prior record is not yet fully collected. If not collected, add the remaining balance owed on the prior record to the current high limit in a new record.

These A5 setups will collect the gross overpayment and automatically adjust the employee's SBS and retirement if applicable, taxes, and W-2 wages. AKPAY will credit current fiscal year expenditures to the labor distribution on the employee's A4 screen or override labor distribution on the A5x record.

For an inactive or separated employee, if the overpayment is recovered by personal check during the calendar year, change the end date of the A5 overpayment record to a current date. The person responsible for end dating the record must notify the DOF overpayment desk so the individual's W-2 wages and Medicare taxes are properly adjusted. DOF will reverse the V060 receivable with an AKPAY AJ warrant transaction. The employee's departmental finance office must deposit the check to CC 63000300 and AC 29930.

If an inactive or separated employee is re-employed during the current calendar year and recovery has not occurred, the HRSC or HR office staff tracks recovery of the overpayment through payroll via the A5 screen record and notifies the DOF overpayment desk.

A532 A63		STATE OF ALASKA - AUTOMATIC EARNINGS				PAGE LAST
EMPLOYEE NUM	123456789	NAME OVERPAID,	EMPLOYEE	VIEW DATE		
TAX ENTITY	91000	PAY ENTITY	SEMI	DOC NUM	051506	
EARNING NUM	119	EFF DATE	05012006	PRIORITY	499	FREQ T
CALC CODE	AMT -50.00	LIMIT CODE	Y AMT -200.00	YTD		
I/E CODE	HOURS	PCT	END DATE	12152006	DOC NUM	
WRNT CODE			====CC=====PGM=	====LC=====SY=		
WRNT DESC		LABOR DISTR				
EARNING NUM		EFF DATE		PRIORITY		FREQ
CALC CODE	AMT	LIMIT CODE	AMT	YTD		
I/E CODE	HOURS	PCT	END DATE	DOC NUM		
WRNT CODE			====CC=====PGM=	====LC=====SY=		
WRNT DESC		LABOR DISTR				
EARNING NUM		EFF DATE		PRIORITY		FREQ
CALC CODE	AMT	LIMIT CODE	AMT	YTD		
I/E CODE	HOURS	PCT	END DATE	DOC NUM		
WRNT CODE			====CC=====PGM=	====LC=====SY=		
WRNT DESC		LABOR DISTR				
TS0014-ENTER UPDATES OR CONTINUE PAGING						

December conversion of E119 gross overpay record to V061 net overpay records

At the end of the calendar year, any uncollected gross overpayment E119 records must be converted to net. In December, DOF produces a report of current year A5 screen E119 records and works with the HRSC or HR office staff to identify any uncollected overpayments. The HRSC or HR office staff must calculate the E119 uncollected gross balances to net (reduced by applicable employee retirement and SBS) and establish V061 net overpayment records on the A7x screen. Follow the procedure to establish a prior year net overpayment recovery.

Net Collections

Prior year overpayments for active, inactive, or separated employees or current year overpayments for inactive or separated employees are calculated to net.

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Gross to Net Worksheets

For all prior year overpayments, complete a **Prior Calendar Year** overpayment worksheet. The gross overpayment is calculated to net, reduced by available employee SBS and retirement if applicable. If the employee's SBS and/or retirement accounts are not available, do not reduce the gross overpayment by these amounts. If the overpayment covers multiple years, a separate worksheet must be completed for each year.

For a current year overpayment for an inactive or separated employee, complete a **Current Calendar Year – Inactive or Separated Employee** overpayment worksheet. The gross overpayment is calculated to net, reduced by employee Medicare taxes and available employee SBS and retirement if applicable. A current year gross overpayment is reduced by employee Medicare taxes, only for inactive or separated employees.

Complete a separate worksheet for overpayments of non-retirement earnings, eliminating the retirement calculation from the worksheet and include notes in the comment section documenting the overpayment type.

SBS/Retirement

For a separated employee, if SBS and retirement accounts have been distributed, the gross overpayment cannot be reduced by these amounts. Eliminate the applicable calculations from the overpayment worksheet. Include notes in the comments section of when R&B was contacted and the status of the account(s). Check appropriate boxes on the overpayment worksheet to indicate the SBS and Retirement accounts have been verified.

For all employees with available SBS accounts, review the B4 screen for the employee's SBS (E500) contributions for the year of the overpayment. If the employee reached the maximum contribution amount for the year (see Payroll Calculation Sheet for year of overpayment), it may not be possible to deduct SBS from the gross overpayment. If the maximum contribution was reached, complete the **Overpayment SBS Calculation worksheet** to determine if the employee would have maxed out on SBS had the overpayment not occurred and if any or part of the SBS calculation can be deducted. See Exhibit 3 for examples.

If SBS cannot be deducted from the gross overpayment, eliminate the calculation on the overpayment worksheet. If a partial deduction can be deducted, manually enter the amount to be deducted. Include notes in the comment section of the worksheet. Check appropriate box on the overpayment worksheet to indicate SBS maximum has been verified.

Ledger Code

Notify the employee's departmental finance office to set up a ledger code (LC) for current year overpayments for inactive or separated employees and all prior year overpayments. Provide the employee's name and six-digit Employee ID from the 12 screen. LC = 50xxxxxx where xxxxxx is the employee's ID number. To prevent the overpayment receivable or collection from posting to Payroll Suspense, the ledger code must be established in AKSAS prior to the interface of the first payroll run after the V061 is taken or the processing of the AKPAY AJ type warrant transaction by DOF. See Exhibit 7 for an example of establishing a ledger code in AKSAS.

Employee Notification

The employee should be immediately notified and a payment plan established. Recovery must occur in a reasonable and timely manner as outlined in [AAM 330.010 General Collection Policy](#). The materiality of the overpayment, the period of time over which it occurred, and the reason for the overpayment are used to determine a collection plan. Every effort should be made to collect the overpayment by the end of the calendar year. It is especially important that all current year overpayments be collected by the end of the calendar year to avoid additional processing and to ensure the employee's taxable wages are properly adjusted.

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DOF Review and Processing

Send the completed overpayment worksheet along with the audit worksheet(s) and other supporting documentation via email to the DOF payroll overpayment desk. The worksheets and setup will be reviewed and an AKPAY AJ transaction will be processed to record a receivable in AKSAS, reduce the agency expenditure, and recover employee and employer SBS and Retirement if applicable and available. The refund of expenditures posts to the labor distribution on the employee's A4x or to other specified labor distribution.

A5 Record Set Up

Current year overpayments for inactive or separated employees are initially set up on the A5 screen. See Gross Recovery setup procedure. If collection is not made by year end, the overpayment is converted to net and set up on the A7 screen.

A7 Record Set Up

All prior year overpayments are set up on the A7 screen with a V061 record for the net amount of the overpayment. Enter a positive amount and high limit amount and no end date. The high limit amount must include any amounts already collected from any prior overpayments. Review the V061 code on the B6 screen and include any amounts in the **ACCUM TO LIM** field. For example: An employee's B6 V061 Accum to Lim field is \$500.00 from an overpayment collected in 2001. The employee now has another prior year overpayment for 2005 of \$1000.00. The high limit on the new V061 set up on the A7 screen must be \$1500.00, or no deduction will take.

If recovery of a V061 overpayment needs to be taken on an online warrant (final pay, cashin, etc), set up a deduction batch with the special online pay period number. Any remaining overpayment not collected from the online is set up on the A7 screen. Do not include the amount collected in the online in the high limit.

For an inactive or separated employee, if the prior year overpayment is recovered by personal check, the HRSC or HR office staff must reduce the V061 record high limit by the amount of the check or end date the record if paid in full. Notify the DOF overpayment desk of any personal check repayments. The departmental finance office must deposit the check to **CC 50010173**, employee specific **LC 50xxxxxx**, and **AC 10173**. The agency's CC has already been credited in the AJ warrant.

If an inactive or separated employee is re-employed and recovery has not occurred, the HRSC or HR office staff tracks the recovery of the overpayment through payroll via the A7 screen V061 record.

A732	STATE OF ALASKA - DEDUCTION CONTROL				PAGE LAST
EMPLOYEE NUM 123456789	NAME OVERPAID,EMPLOYEE	VIEW DATE			
TAX ENTITY 91000	PAY ENTITY SEMI	DOC NUM 051506	SEARCH ITEM		
DED NUM 061	EFF DATE 05012006	PRIORITY	FREQ T		
CALC1 F	AMT/PCT 50.00	LIM CODE Y	DSB LOW	HIGH 200.00	
CALC2	AMT/PCT	DATE CODE	END DATE	DOC NUM	
BANK NUM	ACCT TYPE	ACCT NUM	DDP START		
DED NUM	EFF DATE	PRIORITY	FREQ		
CALC1	AMT/PCT	LIM CODE	DSB LOW	HIGH	
CALC2	AMT/PCT	DATE CODE	END DATE	DOC NUM	
BANK NUM	ACCT TYPE	ACCT NUM	DDP START		
DED NUM	EFF DATE	PRIORITY	FREQ		
CALC1	AMT/PCT	LIM CODE	DSB LOW	HIGH	
CALC2	AMT/PCT	DATE CODE	END DATE	DOC NUM	
BANK NUM	ACCT TYPE	ACCT NUM	DDP START		
TS0014-ENTER UPDATES OR CONTINUE PAGING					

Miscellaneous Net Collections (V700 – V741)

Department specific Miscellaneous Deduction codes are used to collect amounts owed the State for items such as overpaid travel/moving payments, damaged or lost equipment, inappropriate personal phone or credit card charges, and other property for active employees. SBS, Retirement, and Medicare taxes are not applicable. This is a net collection and can be set up on the A7 screen if payments are to be made, or can be entered in a deduction batch for a one time deduction. An overpayment worksheet or ledger code set up is not required. **Do not use E119 or V061 codes to set up these types of collections.**

For an inactive or separated employee, the employee is sent a letter requesting a personal check repayment. A V7xx deduction is then set up on the A7 screen to be collected if the employee returns to work and repayment has not been made.

Reporting

Retirement Wage Adjustments

The HRSC and HR office must send overpayment audit worksheets to R&B for all prior year overpayments and any current year overpayments taken as gross which include the 12/31/xx pay period. R&B will adjust the employee's wages by the calendar year earned. For example, an employee is overpaid from the 12/31/05-3/31/06 pay periods. The 12/31/05 pay period is in the 2006 calendar year paid, but 2005 calendar year earned for R&B. The employee's 2006 wages will automatically be adjusted; however R&B must be notified to reduce the employee's 2005 wages for the amount of the overpayment from the 12/31/05 pay period.

Prior Fiscal Year

If the overpayment is discovered and processed in a different fiscal year than when it occurred, AKPAY will credit current fiscal year expenditures. HRSC or HR office staff provides the gross overpayment amount to the departmental finance office, along with supporting documentation. The finance office determines, based on materiality, whether to process a transaction debiting current year expenditures and crediting prior year recovery. If the amount is material, the finance office processes a 430-11 Abatement Reversal. See the Exhibit 8 for examples of this abatement AJE. Two examples are shown, one to be used if Medicare applies, the second to be used if Medicare doesn't apply.

January prior year salary overpay recovery letters

In January of each year, Division of Finance payroll staff evaluates overpayment recoveries to ensure current year recoveries have been recorded correctly and wages are properly reported in the year end W-2 tax process.

An employee's subsequent year's earnings cannot be offset by recoveries of prior calendar year overpayments. Wages paid in error to an employee in a prior calendar year remain taxable to the employee for that year because the employee received and had use of the funds during that year. A corrected W-2 will not be issued. Prior year overpayment recoveries are documented in a letter from the State Accountant to the employee and may be used by the employee when filing taxes with the IRS. It is the employee's responsibility to seek the advice of a tax consultant about IRS procedures for deducting repaid wages in subsequent years. This letter is copied to the HRSC or HR office staff.

Write off Collection of overpayment

A write off of an uncollectible overpayment in AKSAS for a former employee is based on [AAM 330.050](#). This does not forgive the debt, it simply recognizes that collection efforts have ceased. If the individual should subsequently become re-employed, the salary overpayment will be collected consistent with Personnel Rules or bargaining unit contract language. An overpayment for an active employee may not be written off as uncollectible.

Exhibit 4
Summary of Bargaining Unit Contract Forgiveness Provisions

Bargaining Unit & Citation	Contract Language (paraphrased)	Comments
ASEA (GGU) 33.05	Overpayments will be collected in accordance with AAM 330.010-050 . However, overpayments that total \$1,000 or less, discovered 15 months or later from the time the overpayment was made, shall be forgiven by the Employer, unless result of employee's fraud, deception or negligence.	Forgiveness criteria <ul style="list-style-type: none"> • Dollar limit \$1,000 • Timeframe 15 months
APEA (SU) 24.8 F	Overpayments discovered after one year from the time overpayment was made will be forgiven by the Employer, unless result of employee's fraud, deception or negligence.	Forgiveness criteria <ul style="list-style-type: none"> • Timeframe 1 year
APEA (CEA) 13.15	Overpayments discovered after one year from the time the overpayment was made shall be forgiven by the Employer provided the employee was not directly involved in the calculation or certification of the payroll resulting in the error.	Forgiveness criteria <ul style="list-style-type: none"> • Timeframe 1 year
PSEA Article 17 Section 4	If overpaid, employee will be provided an accounting of the overpayment at least one month before repayment commences. Overpayments between \$100 and \$500 will be collected in two monthly deductions. Overpayments over \$500 will be collected in three to six monthly deductions.	No forgiveness, just timeframe for collecting
COA Correctional Officers 21.7 H	If overpaid, employee will be provided an accounting of the overpayment at least one month before repayment commences. Overpayments between \$100 and \$300 will be collected in two monthly deductions. Overpayments over \$300 will be collected in three to six monthly deductions.	No forgiveness, just timeframe for collecting
LTC Local 71	No contract language regarding overpayments	
IBU	No contract language regarding overpayments	
MMP	No contract language regarding overpayments	
MEBA 17.04	Overpayments discovered after two years from the time the overpayment was made shall be forgiven by the Employer unless it was the result of employee's fraud, deception or negligence.	Forgiveness criteria <ul style="list-style-type: none"> • Timeframe 2 years
AVTECTA	No contract language regarding overpayments	
TEAME	No contract language regarding overpayments	

EXHIBIT 5
Collection Letter #1

[Date]

Subject: Payroll Overpayment

Dear *[Mr./Ms.]*,

It is with regret that I must contact you regarding a payroll overpayment that occurred during *[insert time period that the overpayment occurred]*. *[Insert brief and easy to understand description of what caused the overpayment]*.

This situation has resulted in an overpayment in the *[NET]* amount of \$*[xxx.xx]*. I have enclosed a spreadsheet which documents the way in which this overpayment was calculated.

While the situation that led to your overpayment *[may have been OR was]* completely out of your control, I must work with you to recover the funds. You can repay this overpayment two ways; through payroll deductions or with a leave cash-in. Please contact me within the next 10 business days to develop a mutually acceptable repayment plan.

Please do not hesitate to contact me via phone or email if you have any questions or concerns.

Sincerely,

[Insert Name]

HR Technician

[Service Center Name]

Enclosure

EXHIBIT 6
Collection Letter #2

Date

Dear Employee:

You were recently notified by letter dated xx/xx/xx that you have a salary overpayment with the State of Alaska in the NET amount of \$xxx.xx. We have not heard from you regarding refund of this overpayment.

Please be advised that it is the State's policy and right to pursue the overpayment to the fullest extent possible. This will include, but is not limited to, obtaining a judgment against you to garnish assets such as your Alaska Permanent Fund Dividend, bank accounts or future wage earnings.

Please be aware that if the State must pursue collections through the court system, the Alaska Administrative Manual (AAM) 330.010 and court rules allow for legal fees and other charges incurred as a result of collection efforts to be the responsibility of the employee and will be added to the amount owed for the overpayment.

Your wage base for calculating retirement benefits under the Public Employee Retirement System may be adjusted by the amount of this overpayment if appropriate.

Please forward payment in the full amount of \$xxx.xx by return mail. If we do not hear from you within two weeks, we will pursue a judgment against you. If you have any questions, please contact me immediately at the above address and phone number.

Sincerely,

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EXHIBIT 7
Add Ledger Code

DO **NOT** PUT SOCIAL SECURITY NUMBER
ANYWHERE ON THE LEDGER CODE DESCRIPTION

SDE 610-10: ADD LEDGER CODE

B 1516155 S 0001

DOCUMENT NUMBER AA15161550001
SOURCE RD CODE _____
LEDGER CODE **50XXXXXX** ← **ADD LC HERE** ACTIVE (Y/N) Y
FISCAL PERIOD CODE C **ADD NAME HERE**
DESCRIPTION SHORT **LASTNAME, FIRSTNAME** ←
DESCRIPTION LONG LASTNAME, FIRSTNAME _____
SALARY OVERPAYMENT - DEPT **XX** ←
REPORTS TO PROJECT 990**XX** ← **ADD DEPT HERE & HERE**
REPORTS TO CONTRACT _____
REPORTS TO GRANT _____
PRIMARY DISTRB CC _____

EXHIBIT 8 Abatement Reversal

Current Calendar Year, Prior Fiscal Year Recovery

AKPAY records current calendar year overpayment recoveries (E119 gross salary reductions or personal checks recorded with AJ type warrants) as current year abatements (credits to expenditure accounts) when interfaced to AKSAS. When current calendar year overpayment recoveries cross fiscal years, the agency finance office determines, based on materiality, whether to process a transaction debiting current year expenditures and crediting prior year recoveries.

430-11 Abatement Reversal Agency Journal Entry				
Current Calendar Year / Prior Fiscal Year Recovery				
(Medicare taxes are adjusted for current calendar year recoveries for Medicare eligible individuals)				
Amount	Description	CC	ACCT	SY CY or PY
<115.23>	Enter gross overpay amount + ER SBS, Retirement, & MC tax	Agency CC	66190 or 59510	PY
6.13	Enter ER SBS amount (= Gross Pay * 6.13%)	Agency CC	71790	CY
1.45	Enter ER Medicare Tax amount (= Gross Pay * 1.45%)	Agency CC	71795	CY
7.65	Enter ER Retirement amount (= Gross Pay * 7.65%)	Agency CC	71800	CY
100.00	Enter gross overpayment amount	Agency CC	71172	CY

Prior Calendar Year, Current or Prior Fiscal Year Recovery

AKPAY records prior calendar year overpayment recoveries (V060 AJ type warrants or personal checks recorded with AJ type warrants) as current year abatements (credits to expenditure accounts) when interfaced to AKSAS. For a prior calendar year recovery that is for a prior fiscal year overpayment, the agency finance office determines, based on materiality, whether to process a transaction debiting current year expenditures and crediting prior year recoveries.

430-11 Abatement Reversal Agency Journal Entry				
Prior Calendar Year / Prior Fiscal Year Recovery				
(Medicare taxes are not adjusted for prior calendar year recoveries for any individuals)				
Amount	Description	CC	ACCT	SY CY or PY
<113.78>	Enter gross overpay amount + ER SBS and Retirement	Agency CC	66190 or 59510	PY
6.13	Enter ER SBS amount (= Gross Pay * 6.13%)	Agency CC	71790	CY
7.65	Enter ER Retirement amount (= Gross Pay * 7.65%)	Agency CC	71800	CY
100.00	Enter gross overpay amount	Agency CC	71172	CY