



## Administrative Policies and Procedures

Policy Title: Over-Payment Policy	Policy Number: 517
Effective: 1/24	
Supersedes: N/A	
Approval: <i>Milton Dohoney Jr.</i>	Page 1 of 3

### 1. Purpose

To establish a policy governing the repayment of wages, allowances and stipends that have been paid in error to employees.

### 2. Policy

The City shall require any employee who has been paid excess wages, allowances or stipends through payroll that they are not entitled to receive, to repay the excess amount of money they received to City of Ann Arbor.

### 3. Responsibility

3.1 It shall be the responsibility of employees to review their paychecks each pay period to ensure that they have received the correct pay in wages and any applicable allowances or stipends. If an employee determines that they were over-paid for any reason, the employee should immediately contact the Human Resources Benefits Office and the Payroll Office to report the over-payment. The employee shall then work with the Human Resources Benefits Office and Payroll Office to determine a course for repayment to the City.

3.2 Human Resources (HR) and Finance shall periodically review payroll records of employees to ensure that they are being correctly paid applicable wages, allowances and stipends. If HR or Finance determines that an over-payment has been made, they shall work together to determine the amount to be repaid and contacting the employee.

#### 4. Procedures

4.1 All repayments shall be recouped via payroll deduction. An employee may choose to repay the over-payment in a shorter time frame than described in sections 4.3 or 4.4 at their discretion or in one lump sum.

4.2 An HR representative shall fill out the form in Appendix A of this policy outlining the details of the repayment. Once completed, the affected employee shall sign the form along with an HR representative and a payroll representative. The Payroll Office shall begin the repayment process with the first pay period after the form has been signed and received by the payroll office.

4.3 Repayments totaling less than \$1,200 shall be recouped via payroll deduction, in 6 pay periods or less.

4.4 Repayments totaling in excess of \$1,200 shall be recouped via payroll deduction in a number of pay periods as agreed to between the City and the employee in an amount no less than \$200 per pay period or the average amount over-paid to the employee per pay period for the duration of the over-payment, whichever is less.

4.5 To the extent possible, any repayments related to medical, dental or vision coverage or related waivers shall be made in the same calendar year as the over-payment occurred so the City can provide accurate W-2 information for employees. Sections 4.3 and 4.4 above shall be void if there are not enough pay periods remaining in the calendar year to recoup all medical, dental or vision coverage or related waivers excess payments to ensure that all excess payments are recovered in the same calendar year.

4.6 If employment of the employee is voluntarily or involuntarily terminated before the repayment has been made in full, the remaining amount owed to the City shall be deducted from any final amount owed to the employee by the City.

4.7 The payroll office shall notify the employee when the final repayment has been completed via payroll deduction.

4.8 In the absence of an executed repayment agreement, the City has the right to withhold overpayments from an individual employee's subsequent pay.

Appendix A

**City of Ann Arbor Repayment Agreement**

I, \_\_\_\_\_, agree to repay the  
Name of employee

City of Ann Arbor for ineligible \_\_\_\_\_  
Description of over-payment  
for a total amount of \$\_\_\_\_\_.

Repayments shall be made in accordance with APP XXX.

***Repayment Options (select one)***

1. \_\_\_\_\_ PAYROLL DEDUCION – PAYMENT PLAN OPTION  
Deduct \$\_\_\_\_\_ from each paycheck beginning \_\_\_\_\_  
Start Date  
and ending \_\_\_\_\_ (when the repayment has been  
End Date made in full).
2. \_\_\_\_\_ PAYROLL DEDUCTION – LUMP SUM OPTION  
Deduct \$\_\_\_\_\_ from my paycheck for the pay period ending  
\_\_\_\_\_, being paid on \_\_\_\_\_.

I agree that if my employment is terminated either voluntarily or involuntarily before payment is made in full, the remaining amount I owe may be deducted from any amounts owed to me by the City.

\_\_\_\_\_  
Employee Signature Date

\_\_\_\_\_  
Human Resources Signature Date

\_\_\_\_\_  
Payroll Office Signature Date