



City of Albany
 Human Resources Policy
 Policy #: HR-BC-17-001
 Title: Recovery of Overpayment to Employees

**Benefits &
 Compensation**

Purpose As stewards of the public’s funds, the City has a legal obligation to collect all monies overpaid to employees of the City irrespective of the cause of overpayment.

Policy The City is entitled to recoup all overpayments of wages or reimbursements made to employees regardless of the cause of overpayment. In the case of overpayment, the City must be able to clearly show that the employee received more than he or she was due under the agreed-upon wage rate more than the hours actually worked, or more than what should have been appropriately reimbursed.

Upon verification, the City will notify the employee of the overpayment and attempt to work with the employee to develop a mutually agreeable repayment plan. Generally, the City will recoup repayments on a schedule of \$50 monthly on a total overpayment amount that is \$200 or less. For overpayments totaling over \$200, the City will try to work with the employee to develop a mutually acceptable payment plan. However, should the City and the employee fail to agree on a repayment plan, the City reserves the right to deduct up to 10% of the overpaid funds from the employee’s wages each month until the City has been fully reimbursed. If an employee should separate from their employment with the City before the overpayment has been fully recovered, the final balance will be deducted from the employee’s final paycheck.

The Fair Labor Standards Act (FLSA) considers a wage overpayment as a loan or an advancement of wages. Recoveries of wage overpayments may be deducted from an employee’s earning even if such deductions cut into the minimum wage or overtime pay due the employee. Every effort will be made to recover overpayment debts incurred through bookkeeping errors.

Definitions Overpaid: An employee receives wages or reimbursements in an amount that exceeds what should have appropriately been paid.

References Fair Labor Standards Act (FLSA)

Review and Authorization

| | | |
|-------------|--|------------------------------|
| Supersedes | Created/Amended by/date MEV; 02/17/2006 | Effective Date 03/03/2006 |
| HR Director | City Manager | |

| | | |
|---|--|--|
|  | City of Albany Human Resources Policy Policy #: HR-BC-17-001 Title: Recovery of Overpayment to Employees | Benefits & Compensation |
|---|--|--|

| | |
|--|--|
| | |
|--|--|

1. Form or worksheet revision related to this document? No Yes

If yes, attach a copy of the revised form or worksheet.

2. Training required? No Yes