

Article VI.B.3. Compensation for Underpayments and Overpayments

A. Definitions

For the purposes of this policy, the following definitions apply:

1. “Overpayment” means compensation, to include retirement contributions, which is greater than that which was authorized in terms of wage, salary, or benefits.
2. “Underpayment” means compensation which is less than that which was authorized in terms of wage, salary, or benefits.

B. Policy

1. The Board of Education expects both the Accounting/Payroll department and individual employees to act reasonably and promptly in identifying and correcting under- or overpayments.
2. When an employee receives an underpayment, the exact amount of the underpayment shall be paid to the employee, or former employee if the employee has terminated from the District.
3. When an employee receives an overpayment, the exact amount of the overpayment shall be reclaimed from the employee, or former employee if the employee has terminated from the District.
4. Actions taken by employees to correct underpayments, or by the District to correct overpayments, are limited to the current and immediately preceding fiscal years.

C. Procedures

1. When an underpayment occurs, the Accounting/Payroll department shall take the following actions:
 - a. Notify the employee of the error in writing including a statement of how the employee’s compensation is being corrected and that the employee will be reimbursed in an amount equal to the underpayment.
 - b. Immediately effectuate a payroll change to correct the employee’s compensation to the correct amount for future pay periods.
2. When an overpayment occurs, the Accounting/Payroll department shall take the following actions:
 - a. Notify the employee of the error in writing, including a statement that the amount of overpayment must be recovered and how the recovery will take

place. The letter includes a return telephone number and an invitation to call with questions.

- b. Effectuate a payroll change to correct the employee's compensation to the correct amount for future pay periods.
3. If an underpayment or overpayment is discovered after the employee has terminated District employment, the Accounting/Payroll department shall notify the former employee of the error and the appropriate action to be taken by the District or the former employee. If no response is received, or if the former employee refuses to submit the repayment, every reasonable effort shall be made to collect the overpayment.