

Human Capital Management: Job Aid

Payroll Overpayments on Sponsored Project Awards

Payroll overpayments occur when compensation that is not owed to the employee is paid in error. If an overpayment occurs, the net amount overpaid should be recovered from the employee. Recovered funds are credited back to the department when the overpayment is completely recovered. Partially recovered funds are credited back to the department whenever an overpayment recovery crosses into a new fiscal or calendar year. Credits cannot be made prior to repayment by the employee, so departments must make appropriate accommodation for funding source issues.

Sponsored project awards are "exchange transactions" between an external sponsor and the University under a grant, contract, cooperative agreement, purchase order, or any other mutually binding award. SpeedTypes funded by a sponsored project can be identified by your Campus Controller's Office.

Special consideration is needed if an employee is overpaid on a position funded by a sponsored project Speedtype.

Effort Certification

Every employee who is paid from a sponsored project is required to certify effort. Certification confirms to the sponsor that the effort being put into a project matches the effort being paid by grant funding. When overpayment expenses are distributed to SpeedTypes funded by a sponsored project, the effort reported will be inaccurate. To reflect actual effort, the best practice is to complete a PET (Payroll Expense Transfer) to move overpayment expenses to a department SpeedType. If the position is funded by multiple funding sources, the simplest approach is to PET the full amount of the overpayment on each paycheck to a single department SpeedType. To track the funding used for the overpayment expense, the SpeedType can be entered in the Department Override SpeedType field on the Notice of Overpayment Adjustment Form (NOPA).

Employees certify effort via Electronic Personnel Effort Reports (ePERs). ePERS is a semester-based system that uses the data ranges below. If an overpayment occurred where the earnings periods impacted include more than one ePERS term, note in the NOPA form details that recovered funds must post to paychecks with an earnings period that does not cross more than one semester.

Date Range	Semester
January 1 - May 31	Spring
June 1 - August 31	Summer
September 1 - December 31	Fall

Recovery

Recovered funds are credited back to the department via payroll. These repayments will credit the position funding distribution effective at the time the payroll posts. Paychecks with recovered funds should have an additional PET completed to distribute the repayment to the SpeedType that is funding the overpayment.

If the original overpayment crossed the ePERS term and the recovered funds are entered on to a single paycheck that crosses an ePERS term, a manual check correction may be necessary. If so, the employee will need to recertify their effort.

Overpayment Example

An employee goes on sabbatical for the spring semester and their salary is reduced 50%. The job update is delayed, and the employee receives their full salary for the month of January. The employee has been overpaid \$5000. The Payroll Register with Accounting Details report shows that the employee was partially funded by sponsored project awards for the January 31 pay period end date.

Earn End Dt	Earn Code	Earn Descr	Earnings	SpeedType	Fund	Program	Project	% Distribution
1/31/2025	RGS	Regular Earnings	3000.00	13000007	30		1546445	30.00%
1/31/2025	RGS	Regular Earnings	3000.00	13100002	31		1546523	30.00%
1/31/2025	RGS	Regular Earnings	4000.00	11000009	10	48917		40.00%
		Total Earnings	10000.00					

To remove the overpayment expense on sponsored project awards, a PET can be completed so that the full \$5000 overpayment expense is funded by a department override SpeedType. This results in accurate effort for the month of January on funds 30 and 31.

Earn End Dt	Earn Code	Earn Descr	Earnings	SpeedType	Fund	Program	Project	% Distribution
1/31/2025	RGS	Regular Earnings	1500.00	13000007	30		1546445	15.00%
1/31/2025	RGS	Regular Earnings	1500.00	13100002	31		1546523	15.00%
1/31/2025	RGS	Regular Earnings	7000.00	11000009	10	48917		70.00%
		Total Earnings	10000.00					

The overpayment is recovered in July of the same year. The Payroll Register with Accounting Details report for the off-cycle check with the recovered earnings shows that the employee's funding has changed since January.

Earn End Dt	Earn Code	Earn Descr	Earnings	SpeedType	Fund	Program	Project	% Distribution
1/31/2025	RGS	Regular Earnings	-2500.00	13000007	30		1546445	50.00%
1/31/2025	RGS	Regular Earnings	-2500.00	11000009	10	48917		50.00%
		Total Earnings	-5000.00					

An additional PET is needed to fully credit the department override SpeedType that was holding the overpayment expense.

Earn End Dt	Earn Code	Earn Descr	Earnings	SpeedType	Fund	Program	Project	% Distribution
1/31/2025	RGS	Regular Earnings	-5000.00	11000009	10	48917		100.00%
		Total Earnings	-5000.00					

Additional Resources

[Step-by-step: Payroll Expense Transfer - PET \(Regular Users\)](#)

[Training: Creating a PET with Multiple Lines and Grant Funding](#)

[ES Procedure for Overpayment](#)

[Completing a Notice of Overpayment \(NOPA\)](#)

[Notice of Overpayment Form](#)