

Pay Issues ^[1]

Notice a pay issue? We are here to help.

Minor or major, mistakes happen. Let us help you figure out how to correct pay as soon as possible.

- Wage Assignments
- Pull or Stop Payment to Prevent Overpayment
- Payment Errors - What to Do
- Overpayment of Wages
- Hand Drawn Payroll Warrants

Wage assignments are orders or agreements instructing an employer to withhold pay from an employee's wages. They can be voluntary or involuntary.

Voluntary wage assignments include voluntary repayment agreements negotiated with the Internal Revenue Service to pay taxes owed.

Involuntary wage assignments include tax levies (federal or state), creditor garnishments, delinquent student loans, child support and maintenance orders, payments required by bankruptcy proceedings, etc.

All wage assignments, voluntary and involuntary, must be processed through Employee Services. Any paperwork for these orders that is delivered to the campuses must be forwarded to Employee Services for processing. Campus departments should not sign for or accept any paperwork served for wage assignments.

If delivery attempts are made at a campus location, notify the carrier that they will need to re-route the item for receipt by the Employee Services office, 1800 Grant St., Suite 400, in Denver. This will help ensure the university complies with all requirements related to the deduction, reporting and distribution of monies taken from employees' pay.

Amounts voluntarily negotiated by employees to repay federal or state taxes are the only types of voluntary wage assignment that are accepted by the University of Colorado. We cannot honor any employee requests for voluntary wage assignments for other purposes.

The university complies with all legal orders for these types of deductions. Any questions regarding wage assignments should be referred to Employee Services.

It may be necessary to stop an employee's pay after it has already been generated but before he/she receives it. You can do this by processing a bank advice pull, a check pull or a check

stop payment—depending on the method of payment and timing of the correction.

Reasons for stopping an employee's pay may include:

The payroll liaison reviews the payroll register report before payday and discovers that a terminated employee is about to be paid.

The payroll liaison reviews the payroll register before payday and discovers an employee was incorrectly returned from short work break and is about to be paid for time that was not worked.

The payroll liaison receives notification that an employee died. Payment of the final paycheck must be stopped so that it can be reissued properly to the employee's estate/heirs with the correct taxes withheld (taxation rules change in this situation).

The payroll liaison notices an entry error that will cause an employee to be overpaid.

Departments should notify Employee Services staff members so they can intercept and correctly replace (if appropriate) the payment, rather than the department attempting to collect the overpayment from the employee.

All overpayments must be processed by Employee Services to ensure appropriate notification, accuracy of calculation and appropriate adjustments to employees' W-2 forms.

If the pay is being stopped (for checks) or pulled (for automatic bank deposits), the department must notify the employee. This is necessary to avoid possible financial hardship or inconvenience created by delayed replacement of the funds, or changing the format of payment (receiving a replacement check instead of an automatic bank deposit).

Note: If, after you've sent payment or the employee has received it, you discover he/she will be underpaid, pay should not be stopped. Additional payment should be processed (see Late Payment of Wages).

Methods for stopping an employee's pay:

Bank Advice Pull

Employee Services uses the term "bank pull" when regular biweekly or monthly pay being distributed by bank direct deposit is stopped before payday. This action must be taken by the due date shown as "Check Stops - Advice Pulls" on the Employee Services Payroll Production Calendar, which is set as 10 a.m., two business days before each payday.

Check Pull

The term "check pull" refers to when regular biweekly or monthly pay distributed by check is pulled before the check is mailed to an employee. This action can occur between the time the employee's regular pay cycle is closed and 10 a.m., two business days before pay day.

During this time frame, the check has not yet been released by mailing services and can still be returned Employee Services.

Check Stop

The action to stop payment on a check begins from the time CU Mailing Services mails the check to the employee, which happens one day before payday. At this point, it is too late to intercept the check and have it returned Employee Services. Check stops have no time limit

but can only be done when the check has not already been deposited or cashed. Reissue of pay (if appropriate) will not be completed until the bank has confirmed the stop pay process is complete.

The department payroll liaison should follow these procedures to intercept an incorrect payment:

The payroll liaison should call Employee Services at 303-860-4200, option 2, and request the pull by speaking directly to a payroll counselor (leaving a phone message is not sufficient). You must follow up either with a faxed request, signed by the payroll liaison, or with an email request sent from the liaison's campus email address (email is preferred). Send the request directly to the payroll counselor with whom you spoke in step No. 1 (to his/her direct email address, or to his/her attention, if faxed).

The request must contain the payroll liaison's name and phone number, employee name and employee ID, pay cycle, pay date, amount to pull/stop, reason for the pull, and payment method (advice or check). The request must be received by Employee Services by no later than 10 a.m., two business days before payday.

No action will be taken until a written request is received as described above.

If a replacement check is required, the department payroll liaison should follow the procedures to request a hand-drawn check. (See the Hand-Drawn Warrants page.)

Provided sufficient time is allowed, Employee Services will place a request to either pull the check before mailing or pull the advice from the bank tape before sending it to the bank—whichever is necessary.

Note: Cancelling pay when no replacement pay is requested will also cancel all health/life/dental/general deductions included in the original payment. If this is not correct for any reason, the department payroll liaison should contact Employee Services so benefits will not be adversely affected. The department liaison also must notify the employee that no replacement pay is being requested so the employee can take care of any personal financial obligations. Employee Services is not responsible for any bank overdraft fees or penalties.

To avoid payment errors before they happen, business partners should review appropriate HRMS reports after each payroll and initiate any check or advice pulls when necessary.

The best way to correct errors depends upon the specific type of the error. Employing departments should help their employees properly route and follow up when they discover potential errors.

Use following procedures:

Gross Pay Error

The employing department verifies that all paperwork was processed accurately and in a timely manner, and that appropriate procedures were followed.

If a payment error is discovered, the department makes the appropriate correction, depending upon whether an underpayment or overpayment was made. (See Handdrawn Procedure for

information on underpayments, or Overpayment of Wages for overpayments. Also relevant: Pull or Stop Payment.)

General Deduction Error

For general deductions, contact the department or unit providing the service.

That unit will review the information and correct the deduction as necessary. (See Deductions (General) – Campus Contacts and Payroll Schedule for more information.)

Benefits Deduction Error

Benefits questions should be directed to an Employee Services benefits counselor, who will review the information and correct the deduction if necessary. Call Employee Services at 303-860-4200, option 3, for benefits information.

Tax Deductions

Contact an Employee Services benefits counselor with questions about federal and state withholding, the Old Age, Survivors And Disability Insurance (OASDI) Program, Medicare tax and occupational tax.

Call Employee Services at 303-860-4200, option 2, for payroll information.

State Fiscal Rules—and CU policy—require employers to collect any wages that were erroneously paid to an employee.

When an employee is overpaid, use the following process.

Notice of Overpayment Adjustment

Whenever an overpayment of wages has occurred, the employing department completes the Notice of Overpayment Adjustment Form.

Fill out the form completely for timely processing. Be sure to correct any HRMS entry errors that may have contributed to the cause of the overpayment. The department must notify the employee that an overpayment has occurred, and it must make necessary corrections to the employee's HRMS records.

Once the form is completed and the HRMS system has been corrected (if necessary), the department distributes as follows:

Employee Services (original)
employee (copy)
department (copy)

Calculation of Overpayment Amount

Employee Services will calculate the repayment amount due (net overpayment amount), and follow up in writing with the employee and the department.

Overpayment Recovery Schedule and Process

Employee Services establishes a recovery schedule based upon guidelines described in the Overpayment Policy, and notifies the employee by mail. The criteria used in making this determination include consideration of employment status, the time frame of the overpayment and the percentage of regular gross pay that it represents.

Acceptable methods of payment are personal check or payroll deduction (active CU employees only). Please refer questions about the repayment schedule and methods to an Employee Services overpayment counselor.

All checks or cash for overpayment recoveries must be sent or delivered (for cash) directly to Employee Services. Departments should not deposit checks and/or cash received from their employees as repayment for an overpayment. All overpaid employees must send all repayment monies directly to Employee Services—not to their department.

Failure to Repay

If the employee fails to complete payment within the established recovery schedule, the remaining amount due will be turned over to the state of Colorado Central Collection Services. Once an overpayment goes to collections, the employee must pay the debt, plus any associated court costs and penalties.

Reporting of Overpayments on Form W-2

Per IRS regulation, any overpaid amount not repaid by the end of the calendar year must be reported as taxable income. In addition, once the tax year has ended, federal and state withholding can no longer be adjusted and must be included in the overpay due amount. This will increase the amount owed by the employee.

Payroll liaisons should pay special attention to identifying and processing overpayments that occur near the end of the tax year. Overpayments that cross tax years can have a significant negative impact on an employee's taxes and repayment amounts. It is always preferable if the overpayment can be discovered and repaid during the same tax year as it occurred.

It is also important to keep employees' appointment dates, employment statuses and mailing addresses current in the HRMS; this data can have an impact on the recovery process.

Questions and Assistance

For assistance with an overpayment calculation, contact an Employee Services payroll counselor at 303-860-4200, option 2. For assistance with the repayment process, employees should refer to the instructions included in the Notice of Overpayment letter.

When issuing hand-drawn checks, you must comply with the Handdrawn Policy (Revised 1/1, 2014). Departments should request hand-drawn warrants only when the circumstances match those in the policy. All other underpayments should be recorded in Time Collection for payment on the next available pay date.

Handdrawns verses Special Payroll Processing (Special Offcycle)

Pay for both monthly and bi-weekly paid employees can now be entered in the Special Offcycle. The deadline for BOTH Special Offcycle Time Collection and handdrawns is Tuesday at noon and BOTH pay on Friday. For most instances of late pay, the pay should be entered into the Special Offcycle and there is no advantage of a handdrawn for these situations. Click the link for step-by-steps on using the Special Offcycle.

In the following circumstances, pay must be processed through a handdrawn and should NOT be entered in the Special Offcycle:

Term-for-Cause Termination for Cause Procedures

Lost Check/Stop Pay/Reissue

Employee has transferred to a new position, department or pay group

The final payout on a deceased employee

If a payment error will be corrected in HRMS Time Collection, do not submit a hand-drawn request. This will result in an overpayment. Conversely, if a handdrawn warrant is requested, do not enter the data in Time Collection.

For additional information, see the Late Payment of Wages page which gives details on when the Special Offcycle can be used in place of a handdrawn warrant. The deadline for BOTH Special Offcycle Time Collection and handdrawns is Tuesday at noon and BOTH pay on Friday.

If a department requests a hand-drawn warrant, the date the employee can receive his/her warrant depends on if:

The regularly scheduled pay date has passed (previous pay date).

Request a hand-drawn warrant when the employee has already received a paycheck on a previous payday that was not for the full amount owed, or when the employee did not receive any pay for a pay date that has already passed. The check may be released to the employee as soon as it is ready. These requests will generally be processed within three to five business days. (See Notifying Employees.)

The current or next regularly scheduled pay date has not yet arrived.

In this case, payroll has been processed, and the department runs the Payroll Register report to confirm that its employees will be paid correctly. From reviewing this report, it is determined that an employee's paycheck is not going to include the full amount owed, or that the employee will not receive any pay when he/she should be paid.

For the employee to receive the correct amount of pay, the department must request a hand-drawn warrant for the difference between what the employee is about to be paid and what he/she should be paid. The department may submit the hand-drawn request immediately. However, the department may not, under any circumstances, request release of the hand-drawn check to the employee before the current/next regularly scheduled payday.

The employee may only be paid on or after the current, or next regularly schedule pay date. If the request is submitted early enough, the employee may still be able to receive his/her pay

on the current (or next regularly scheduled) pay date. If not, he/she will be paid as soon as possible after the current/next regularly scheduled pay date. Hand-drawn requests will generally be processed within three to five business days.

Exception: The above does not apply when an employee has been terminated for cause. (See Termination for Cause.)

Hand-Drawn Warrant Request Process and Form

The requesting department completes the Handdrawn Warrant Request Form. (Payroll will not accept outdated forms.) Hand-drawn warrants will be processed based upon the priorities discussed in the Hand-Drawn Policy. Generally, hand-drawn checks are processed in the following order of priority:

- involuntary termination;
- no pay was received on the regularly scheduled pay date;
- only partial pay was received on the regularly scheduled pay date;
- direct deposits were returned by the bank;
- vacation or sick payouts;
- refunds for a deduction taken in error

Additional Guidelines

The requestor must be an authorized the HRMS user with security access for the department requesting the hand-drawn warrant.

The employee's job data must have been entered and approved in the HRMS with an appropriate effective date before a hand-drawn warrant can be issued.

For hourly wages, enter the number of hours for each pay period requested.

Additional pay requests may be processed on a hand-drawn warrant by specifying the appropriate distribution on the Additional Pay Form. A separate Hand-Drawn Warrant Request should NOT be completed in this situation. See Additional Pay for more information on these types of payments.

Before processing the request, Employee Services will verify that the employee has not already been paid the requested amount.

The warrant will either be printed at the designated location on each campus or mailed to the employee's mailing address via U.S. mail, based on the option selected on the Hand-Drawn Warrant Request Form.

All hand-drawn requests must include the signatures of both the requestor and the approver. No hand-drawn warrants will be processed without the appropriate signatures.

Reminder: Wage payments requested and processed via the Hand-Drawn Warrant Request Form must not be entered in Time Collection; this will result in a double payment (overpayment). In addition, do not submit a Retroactive Pay Due Form, since this will also result in an overpayment.

Notifying Employees

The department should notify employees receiving a hand-drawn warrant that three to five business days are generally required for processing. Processing is contingent upon Employee Services receiving all the required paperwork, the department accurately updating the data in the HRMS system and the HRMS' availability

Departments must not promise a payment date to an employee before receiving notification from Employee Services. If notification indicating completion of the hand-drawn warrant is not received after three business days, departments may contact Employee Services for a status update.

Involuntary Termination and Layoffs

In accordance with Colorado Revised Statutes section 8-4-109, departments must submit to Employee Services all final paperwork, including leave payout hours (if applicable) and all other outstanding pay due the employee before, or no later than, the time the employee is notified of the termination.

Employee Services will then process the hand-drawn warrant within six business hours, provided all required information is approved, complete, and submitted to and received by Employee Services. See Termination for Cause for detailed information about this process.

Voluntary Termination

Employees who voluntarily resign their employment will be paid final salary and leave payout on their last regularly scheduled pay date. Their department is responsible for calculating leave payout hours, obtaining any required payout authorization, and entering the leave payout hours into Time Collection by the published payroll time entry deadline. No hand-drawn warrant request is necessary in this case. However, when employees are terminated in a prior pay period and do not receive their leave payout on their final check, payment must be processed as a hand-drawn warrant.

Groups audience:

HCM Community

Source URL:<https://www.cu.edu/hcm-community/pay-issues>

Links

[1] <https://www.cu.edu/hcm-community/pay-issues>