OVERPAYMENTS **8593**
(Revised 09/13)

When Adjustment Notices, reporting amounts overpaid to employees, are processed by the State Controller's Office (SCO), they will send a Notice of Payroll Accounts Receivable (AR) to the department. The AR shows the total and gross amount of the salary overpayment, the payment type, the amount of overpayment of the employer's share of contributions for employees' retirement, OASDI, and other benefits. In addition, the AR shows the employee deductions that will be recovered by the SCO and the amount of the overpayment to be recovered from the employee by either a payroll deduction or an agency collection.

The gross amount and state share amounts of benefits of the AR will be entered as a credit to the expenditure accounts and a debit to Accounts Receivable-Abatements. See SAM section 10504 Entry No. 4 (Payrolls Are Paid). The AR is established in an open file pending full recovery of the overpayment and transfer of the amount recovered to the department appropriation and/or fund.

The AR file is the subsidiary to that portion of Account No. 1311, Accounts Receivable-Abatements representing salary overpayments and will show the amounts to be collected from employees.

The AR will be removed from the open file upon full recovery of payroll deductions or agency collections.

If the overpayment is collected through payroll deduction, the SCO transfers funds from the State Payroll Revolving Fund to the appropriation that incurred the payroll expenditure. The department receives an SCO Journal Entry (JE), Notice of Transfer (TC-38), for the amount of the transaction. The JE document typically begins with an AR or AP.

The ARO Notice of Transfer (TC-38) generated by the SCO is the total state share and employee deduction on the AR Notice. The ARO posts to SCO Fiscal System (Fiscal) and can be printed from ViewDirect.

> *Note: A reversal to an overpayment is also identified as an ARO (TC-38) and is titled as Notice of Payroll Accounts Receivable Reversal on the AR Notice.*

The APO Notice of Transfer (TC-38) generated by the SCO is the amount of the employee payroll deduction. The APO posts to Fiscal and can be printed from SCO, ViewDirect.

> *Note: Agency collections are processed through the Electronic Fiscal Input Transaction System (eFITS) and shown on the SCO generated "CRE" Notice of Transfer of Fund (TC-47). The CRE posts to Fiscal and can be printed from SCO, ViewDirect.*

The APC Notice of Transfer (TC-38) is a manual correction to the APO. The APC posts to Fiscal and can be printed from SCO, ViewDirect.