



CIRCULAR

STATE OF NEW JERSEY

DEPARTMENT OF THE TREASURY

NO.: 09-12-OMB	ORIGINATING AGENCY: OFFICE OF MANAGEMENT AND BUDGET	PAGE 1 OF 2
EFFECTIVE DATE: 03-17-2009	EXPIRATION DATE: INDEFINITE	SUPERSEDES: 05-07-OMB
SUBJECT: REFUND OF PAYROLL CHECKS		
ATTENTION: ALL DEPARTMENT PERSONNEL AND PAYROLL OFFICERS		
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I. PURPOSE

This circular sets the policies and procedures concerning the Salary Refund process. The policies outlined herein apply only to those State Departments and Agencies paid through OMB/Centralized Payroll.

II. POLICY

To the maximum extent possible, overpayments of salary to active employees should be recouped via the automated Salary Recovery Process using Form CP-1001-140, "REPORT OF OVERPAYMENT". In situations where employee paychecks were drawn in error and must be refunded for credit to the Agency Salary Account, it is absolutely imperative that these checks be returned to Centralized Payroll as quickly as administratively possible. This is particularly important at Fiscal and Calendar Year end.

III. PROCEDURES

A. General

The Salary Refund process is used exclusively to return wages issued in error to current or former State employees. This process is not to be used to return Unclaimed Wages or to repay Salary Advances. Checks to be refunded must be accompanied by an original and one copy of form 112a, "TRANSMITTAL OF SALARY REFUNDS", along with an original and one copy of the checkstub containing all the deduction information for each payroll check being returned.

B. Current Year Salary Refund

1. Pay checks issued to employees in error during the current calendar year must be returned to Centralized Payroll within 1 week of the original date of issue. Checks received after this date may result in funds not being credited to the Agency's Salary Account.
2. The following payroll deductions are electronically remitted to third-party program administrators and cannot be recovered by the State after they have been sent. Therefore, if a Salary Refund contains any of the deductions itemized below, an additional check or money order payable to the Treasurer, State of New Jersey for the amount of these deductions must accompany the Salary Refund check.
 - US Savings Bond (when the deduction amount exceeds the balance)
 - Credit Union Deduction
 - Garnishment, Child Support, or Student Loan Default
 - NJ Best
 - Long Term Care
 - Deferred Compensation
 - Commuter Tax\$ave Parking/Mass Transit
 - Supplemental Annuity Collective Trust
 - Alternate Benefit Program
 - Defined Contribution Retirement Program (DCRP)

It is imperative that Payroll Agencies make a good faith attempt to recoup these deductions from employees. If a check or money order is not sent for any of the above- mentioned items, the Agency's Salary Account will be charged 30 days after receipt of the Salary Refund Transmittal by Centralized Payroll.

C. Prior Year Salary Refund

1. If an employee's pay check is issued in error during a prior calendar year, and is returned to Centralized Payroll without the employee ever having received it, as is typically the case at the end of the calendar year, the procedures previously outlined in Section B apply. This is because the employee never had constructive receipt of the earnings.
2. If an employee is required to repay wages *constructively received* in error during a prior calendar year, the amount to be repaid to the State shall be equal to the GROSS amount of the overpayment less FICA and Medicare Taxes, if applicable. No other payroll deductions may be recovered for prior year repayments of salary received in error in a prior calendar year.



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Director