

Helpful Resources and Documents:

- [A.R.S. §23-352](#) – Withholding of wages
- [A.R.S. §38-612\(B\) \(6\)](#) – Administration of payroll salary deductions
- [IRS Publication 15](#) – Employer’s Tax Guide – Wage Repayments

Forms:

- [GAO-6](#) Warrant Replacement Request Certification Form
- [GAO-7](#) Warrant Stop Payment Request Form
- [GAO-70](#) Transmittal Advice – Cancelled Payroll Warrants
- [GAO-70A](#) Overpayment Worksheet
- [GAO-70B](#) Direct Deposit Reversal Request

Agency Payroll functions:

1. Notify employee of overpayment and make a demand for repayment in full (consider working with Agency Human Resources depending on size and circumstances)
2. If immediate repayment is not possible, discuss alternative methods of recovery
 - a. Alternative methods require approvals
3. Submit appropriate form(s) to GAO Central Payroll or AFIS and/or
4. If recovery method is XR35.2, enter time records

Deadlines:
 Collect and correct overpayments within 30 days or the end of the calendar year, whichever is sooner.
 GAO-70B Direct Deposit Reversal - submit no later than the Tuesday following payday (Day 7).

CHART TO DETERMINE METHOD OF RECOVERY

Scenario	Direct Deposit	Warrant
Current Calendar Year		
Full Amount	<u>GAO-70B Direct Deposit Reversal</u> <ul style="list-style-type: none"> • Must be submitted within 3 days of payday • Can take up to 14 days to get monies back • Until confirmation is received that the funds have been returned, replacement payments (i.e., Handwrite) will not be approved. or <u>GAO-70A Overpayment Worksheet</u> <ul style="list-style-type: none"> • “Full Cancelation” • Employee submits net pay in Certified Funds 	<u>GAO-70 Cancel Warrant</u> <ul style="list-style-type: none"> • Must have original blue warrant or <u>GAO-7 Warrant Stop Payment</u> <ul style="list-style-type: none"> • Original blue warrant not in agency’s possession • Send to AWR-AFIS to place a “Stop” on warrant. • After warrant expires, submit the GAO-70A with funds (via AFIS transfer) to GAO Central Payroll to reverse
Partial Amount	<u>XR35.2</u> <ul style="list-style-type: none"> • Use original time record dates and enter negative hours or amounts or <u>GAO-70A Overpayment Worksheet</u> <ul style="list-style-type: none"> • “Partial Cancelation” • Employee submits Net Pay (Difference to Recover) in Certified Funds 	
Prior Calendar Year		
Full or Partial Amount	<u>GAO-70A Overpayment Worksheet</u> <ul style="list-style-type: none"> • Worksheet must be completed for each payment in error • Employee must sign GAO-70A certification and submit net pay in Certified Funds • Prior Adjustments are processed in the HRIS once each quarter. • Employee will receive a Corrected W-2 (W-2c) 	

METHODS OF RECOVERY**GAO-70B Direct Deposit Reversal**

Use to recover when entire direct deposit payment was made in error, employee has terminated, or employee is deceased. Requests can be submitted beginning Wednesday after compute (Day 3) through Tuesday following the pay date (Day 7) for that pay period. If the GAO-70B is not submitted by the Tuesday following that pay date, a GAO-70A – Overpayment Worksheet must be completed instead.

1. Submit approved GAO-70B to GAO Central Payroll
 - a. The request must be for the full amount of the net payment, partial amounts cannot be recovered.
2. GAO Central Payroll will submit the request to the State servicing bank
 - a. It can take up to 14 days for the monies to be returned to the Treasurer's Office after the request is submitted to the State servicing bank.
 - i. Due to length of time to process a reversal, and alternative recovery method may be offered:
 1. The employee may remit the full amount of Net Pay and submit the GAO-70A indicating "Full Cancellation"
3. Confirmation that the funds have been returned must be received by GAO from the Treasurer's Office,
4. GAO Central Payroll will reverse the payment in the HRIS.
5. Payment for the same pay period can be generated by the Agency using ZR80.1, if necessary

GAO-70 Transmittal Advice – Cancelled Payroll Warrants

To process a full cancellation of a payment you must have the original blue warrant.

1. Submit the approved and signed GAO-70 and the original warrant to GAO Central Payroll.
2. GAO Central Payroll will reverse the payment in the HRIS.
3. If a payment is due to the employee, create a manual payment on the ZR80.1 for the correct amount.

The GAO-70 can't be used to cancel an expired warrant. If a warrant has expired the employee will need to contact the Department of Revenue, Unclaimed Property Division, at www.azunclaimed.gov. Warrants expire 180 days from the date of issue. Expired warrants have a status of "E" in AFIS screen 47H.

GAO-7 – Warrant Stop Payment Request Form

If you do not have the original blue warrant and want to place a stop payment on a warrant, contact AWR – AFIS (602) 542-6237.

1. Submit the GAO-7 to GAO AWR
 - a. Agency will complete the form (Add a leading "2" to the payment number listed in HRIS)
2. AWR places a "Stop" on the warrant
3. Warrant will expire 180 days from the date of issue and funds will be returned to the Agency
 - a. Agency will send the GAO-70A Overpayment worksheet and funds, via AFIS transfer, to GAO Central payroll to update the employee's HRIS record.

The GAO-7 is only used if an employee has been overpaid. If a warrant needs to be stopped because it is lost, stolen or damaged, complete the GAO-6 Warrant Replacement Request. This process is handled by GAO – AFIS – AWR.

XR35.2 Time Record Adjustment

For active employees that have been overpaid in the current calendar year, enter adjusting time records on the XR35.2. Use original time record dates. Enter hours as negative amounts, and enter lump sum amounts as negative amounts. Refer to the pay code listing for adjusting pay codes for system generated codes such as overtime and retention bonus pay codes.

XR35.2 **can't** be used if any of the following apply:

1. Recovery is for wages paid in a prior calendar year (see below)
2. Recovery is more than current pay period wages resulting in \$0 or negative wages
 - a. Consult GAO Central Payroll
3. Employee has terminated

GAO-70A Overpayment Worksheet

Use GAO-70A when adjusting time records that should not be entered on XR35.2. Complete the overpayment worksheet for each payment that was incorrect. The employee must sign the certification on the form and submit certified funds, payable to the "State of Arizona" for the total net pay to be recovered. The Agency shall sign the GAO-70A and remit with certified funds to the GAO. Once received, the GAO will enter the adjustment into the HRIS.

- Current calendar year adjustments during the calendar year end closing process will have specific deadlines to ensure processing by year end. Agencies will receive deadlines at the Calendar Year End Payroll Meeting.
- Prior calendar year adjustments are processed the last month of each quarter, notice will be provided by GAO Webstory.

HOW TO COMPLETE THE GAO-70A – OVERPAYMENT WORKSHEET

Detailed instructions are included on the first worksheet of the Form GAO-70A. The recovery worksheets perform tax calculations based on the data you enter. Submit one GAO-70A for each payment that has a recovery. Employee must remit certified funds, payable to the State of Arizona, for the total "Difference to Recover - Net Pay".

NOTE: The overpayment worksheet is only for recovery of overpaid wages. The form cannot include any additional deductions, but may include recovery of certain deductions such as retirement, Social Security, Medicare, and Federal/State withholding if in the current year.

Full Cancellation of Current Year Overpayment:

1. Select current tax year form.
2. Complete Employee Name, EIN, Payment Number and Payment Date fields
3. Select overpayment type as Full Cancellation (leave pay & deduction fields blank)
 - a. Full Cancellation option for current calendar year recoveries only
4. Complete Explanation and Certification Fields
 - a. Employee and Approved must sign
5. Employee remits certified funds to the Agency for the total Net Pay due
6. Agency submits GAO-70A and funds to GAO Central Payroll for processing
7. GAO Central Payroll deposits the funds and updates the employee file in HRIS
 - a. Reflected as "Adjustments" under Drill Around in the HRIS

Partial Overpayment:

1. Select form based on **tax year** original payment was made
2. Complete Employee Name, EIN, Payment Number and Pmt Date fields
3. Tax elections in effect at the time the payment was made must be used for the taxes to calculate correctly.
 - a. Federal Tax elections: PR13
 - b. State Tax elections: PR14
4. Amount Paid Column: Enter all pay and deductions (employee & employer) items exactly as they occurred on the original payment
 - a. Pay and Deduction items listed on specific lines require those pay items to be entered for formulas to calculate correctly
5. Amount To Be Paid Column: Enter all pay and deductions (employee & employer) items how the payment should have occurred
 - a. Pay and Deduction items listed on specific lines require those pay items to be entered for formulas to calculate correctly
 - i. Flat amount deductions will equal the "Amount Paid" column values
 1. Federal and State taxes for prior calendar year adjustments cannot be adjusted
 2. Garnishments deducted cannot be adjusted. Contact GAO if you have questions.
 - ii. Percent (%) deductions require recalculation
 1. Workers compensation rate must be calculated
6. Hours to Recover: List the amount of hours for each pay code separately

7. Difference to Recover: Calculated based on the data entered in the “Amount Paid” and “Amount to be Paid” columns
8. Complete Explanation and Certification Fields
 - a. Signatures:
 - i. Employee must sign, required by IRS
 - ii. Preparer, Reviewer and Approver must sign
9. Agency submits GAO-70A and funds to GAO Central Payroll for processing
10. GAO Central Payroll deposits the funds and updates the employee file in the HRIS
 - a. Reflected as “Adjustments” under Drill Around in the HRIS
 - b. Prior calendar year adjustments are processed the last month of each quarter, notice will be provided by GAO Webstory

Common Errors – Items to Check:

Taxes Incorrect	Federal - check Filing Status, number of exemptions and Additional Amount. State - check percentage and additional amount
Taxes Incorrect	Make sure all pre-tax deductions are listed and in the proper rows
Retirement Incorrect	Make sure the correct percentage is used. Please read comment in rows 48 & 87 regarding wages subject to retirement calculation
Gross Pay Incorrect	All pay must be listed, even if you are not recovering
No Signature	Signatures are required for Employee, Preparer, Reviewer, and Approver
Short Term Disability credit not taken	Short Term Disability is calculated as a percentage of pay subject to a payment limit. Please check PR14
Workers Comp credit not taken	Percentage used can be found on PR18. Premium overtime is not used in the calculation.
Amount collected incorrect	Make sure the employee submits payment equal to the Net Pay Difference to recover, cell F71

REPORTING OF WAGE REPAYMENTS (Amounts recovered via GAO-70A)

Wage Repayment: Recovery of overpaid wages in the current calendar year for overpayment(s) that occurred in the prior calendar year.

Wage Repayments must be completed by submitting the GAO-70A – Overpayment Worksheet.

IRS Publication 15 – Employer’s Tax Guide - Wage Repayments

If an employee repays you for wages received in error, do not offset the repayments against current-year wages unless the repayments are for amounts received in error in the current year.

Employee reporting of repayment

The wages paid in error in the prior year remain taxable to the employee for that year. This is because the employee received and had use of those funds during that year. The employee is not entitled to file an amended return (Form 1040X) to recover the income tax on these wages. Instead, the employee is entitled to a deduction (or credit in some cases) for the repaid wages on his or her income tax return for the year of repayment.

NOTE: The employee should be referred to a tax professional for further information regarding this process.

The IRS requires that wage repayments be reported on a W-2c that is filed with Social Security Administration to correct Social Security and Medicare wages and taxes. The GAO completes this process once per quarter and provides the employee a W-2c and a letter regarding the wage repayment to their address on record in the HRIS.

EXAMPLE OF GAO-70A CURRENT YEAR

Employee was overpaid 28.77 hours in the pay period. Employee will submit a money order for \$363.14

ARIZONA DEPARTMENT OF ADMINISTRATION - GENERAL ACCOUNTING OFFICE OVERPAYMENT WORKSHEET						
AGENCY I.D.		AGENCY NAME		DATE		
AD		DEPARTMENT OF ADMINISTRATION		06/08/13		
EMPLOYEE NAME		E.I.N.	Enter the employee's Federal tax data from PR13. Enter the employee's State tax data from PR14. State Additional Amount will be on PR13.			
CHARLES NORRIS		123456				
PAYMENT NUMBER		PMT DATE	FEDERAL TAX DATA		STATE TAX DATA	
24137210		5/16/2013	MARITAL STATUS	M	ENTER %	3.60%
OVERPAYMENT TYPE:			# OF EXEMPTIONS	1	ADDTL AMT	
FULL CANCELLATION OR PARTIAL OVERPAY? <input type="text" value="Partial Overpa"/>			ADDTL AMT	0.00	0.00	
<small>For full cancels, leave pay and deduction info blank, go to line 99 (explanation section).</small>						
DESCRIPTION		PAY CODE / DED CODE	AMOUNT PAID	AMOUNT TO BE PAID	HOURS TO RECOVER	DIFFERENCE TO RECOVER
REGULAR PAY		100	527.89	0.00	28.77	527.89
ANNUAL LEAVE TAKEN		300	605.51	605.51		0.00
SICK LEAVE TAKEN		310	125.69	125.69		0.00
HOLIDAY LEAVE TAKEN		322	2.75	2.75		0.00
SELECT - PAY CODE		SELECT				0.00
SELECT - NON-TAXABLE UNIFORM ALLOW		SELECT				0.00
SELECT - NON-TAXABLE REIMBURSEMENTS		SELECT				0.00
SELECT - NON-TAXABLE TRAVEL		SELECT				0.00
SELECT - TAXABLE REIMBURSEMENTS		SELECT				0.00
SELECT - TAXABLE TRAVEL		SELECT				0.00
SELECT - TAXABLE MILITARY DIFFERENTIAL PAY		SELECT				0.00
TAXABLE AUTO USAGE		500				0.00
TAXABLE IMPUTED INCOME		520				0.00
TAXABLE UNIFORM ALLOWANCE		601				0.00
NON TAXABLE - INDUSTRIAL RETIREMENT CALC		501				0.00
TOTAL GROSS PAY			1,261.84	733.95	28.77	527.89
EMPLOYEE DEDUCTIONS						
FEDERAL TAX		T101	42.95	0.00		42.95
SOCIAL SECURITY TAX (.0620)		T103	67.66	34.94		32.72
MEDICARE TAX (.0145)		T105	15.82	8.17		7.65
MQGE TAX - JUDGES ONLY (.0145)		T107	0.00	0.00		0.00
STATE TAX		T201	32.36	15.50		16.86
ASRS LTD - FY12 - FY14 (.0024)		7509	3.03	1.76		1.27
ASRS PLAN - FY14 (.113)		7903	142.59	82.94		59.65
UNITED HEALTHCARE EPO		M023	102.00	102.00		0.00
DELTA DENTAL		D001	56.82	56.82		0.00
SUPP LIFE - PTX - EE		L001	3.88	3.88		0.00
AVESIS VISION		V001	7.78	7.78		0.00
SELECT - OTHER INSUR PRETAX		SELECT				0.00
SELECT - OTHER INSUR PRETAX		SELECT				0.00
SUPP LIFE - TXBL - EE		L101	1.66	1.66		0.00
HARTFORD SHORT TERM DISABILITY		S101	8.71	5.06		3.65
SELECT - OTHER INSUR TAXABLE		SELECT				0.00
DEFERRED COMPENSATION		7803	50.00	50.00		0.00
SELECT - OTHER PRETAX DED		SELECT				0.00
SELECT - OTHER PRETAX DED - BUYBACKS		SELECT				0.00
SELECT - OTHER AFTER TAX DED		SELECT				0.00
SELECT - OTHER AFTER TAX DED		SELECT				0.00
CHILD SUPPORT \$		GCSD	150.00	150.00		0.00
OTHER						0.00
OTHER						0.00
TOTAL DEDUCTIONS			685.26	520.51		164.75
NET PAY			576.58	213.44		363.14



EMPLOYER EXPENSES					
SOCIAL SECURITY TAX (.0620)	T102		67.66	34.94	32.72
MEDICARE TAX (.0145)	T104		15.82	8.17	7.65
MQGE TAX - JUDGES ONLY (.0145)	T106		0.00	0.00	0.00
FUTA	T108				0.00
SUTA (.0015)	T202		1.64	0.85	0.79
TECHNOLOGY CHARGE (.0020)	3800		2.52	1.47	1.05
PERSONNEL CHARGE (.0107)	3802		10.47	6.09	4.38
ACCUM SICK CHR (0.040)	3804		5.05	2.94	2.11
WORKERS COMP (PR18.1 Varies)	3806		29.72	17.29	12.43
PERSONNEL CHARGE (.0003)	3810		0.38	0.22	0.16
BASIC LIFE (\$.90)	7320				0.00
ASRS LTD - FY12 - FY14 (.0024)	7508		3.03	1.76	1.27
ASRS PLAN - FY14 (.113)	7904		142.59	82.94	59.65
UNITED HEALTHCARE EPO	M024		648.46	648.46	0.00
DELTA DENTAL	D002		6.32	6.32	0.00
SELECT - LTD PSPRS/CORP/EORP	SELECT				0.00
SELECT - HSA ER CONTRIBUTION	SELECT				0.00
SELECT - ACR (ALT CONTRIBUTION RATE)	SELECT				0.00
SELECT - SUPP BENEFIT RET PLAN	SELECT				0.00
OTHER					0.00
Federal/State Taxable Wages			898.77	430.53	468.24
FICA Taxable Wages			1091.36	563.47	527.89
Medicare Taxable Wages			1091.36	563.47	527.89
MQGE Taxable Wages			0.00	0.00	0.00
REQUIRED - DETAILED EXPLANATION:					
EMPLOYEE OVERPAID 28.77 REGULAR HOURS					
REQUIRED - CURRENT YEAR FICA TAX REFUND CERTIFICATION:					
I understand this repayment of wages includes a \$40.37 credit for overcollected Social Security and Medicare taxes for 2013. I have not claimed a refund of or a credit for the overcollected taxes from the IRS, or if I did, that claim has been rejected; and I will not claim a refund or a credit of this amount.					
Employee Signature:	<i>Christina Marie</i>			Date	10/25/13
PREPARER'S NAME	PREPARER EIN	DATE	PHONE NUMBER		
LALITA FARR	123454	10/25/2013	602-542-5699		
REVIEWER'S NAME (MAY BE THE SAME AS THE APPROVER)	REVIEWER EIN	DATE	PHONE NUMBER		
SAM TEKLEN	34524	10/25/2013	602-542-6001		
APPROVER'S SIGNATURE	APPROVER EIN	DATE	PHONE NUMBER		
<i>[Signature]</i>	45647	10/25/2013	602-542-5086		
GAO 70A Rev 07/2013-DISCARD PRIOR VERSIONS OF THIS FORM					