

## Recoupment of Overpayments

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It is SSD's policy to pursue recoupment of overpayments as required and permitted by law.

### **Applicability**

This policy applies to all employees of the Louisiana Special Schools. Employees of Special School Programs will follow the Department of Education's policy.

### **Definition**

Overpayments occur when compensation that is not owed to an employee is paid in error. This includes but is not limited to overpayment of wages, leave paid in error, and erroneous refunds of deductions. Unearned payments to public employees are prohibited by Article 7, Section 14 of the Louisiana State Constitution, which prohibits the donation of public funds.

### **New Employees/Condition of Employment**

New employees, including employees transferring from other state agencies, may not be hired until acknowledging, in writing, understanding of the recoupment policy, including that overpayments may be recouped in future pay periods.

### **Responsibilities**

All employees and supervisors are responsible for ensuring that accurate information is entered on timesheets, which are used to support payments to employees.

All employees who enter time or make other entries in the payroll system are responsible for ensuring that all entries are accurate.

Supervisors are responsible for reporting pending employee separations to HR as soon as the supervisor is aware of the separation.

Employees who have reason to believe they have been overpaid (or underpaid) are responsible for reporting the matter to Human Resources (HR). Generally, the sooner we learn of an overpayment, the smaller the amount we will be required to recoup. Employees may access their paycheck information through Louisiana Employees Online (LEO), usually by the Tuesday before payday. Employees may ask HR for help in accessing LEO.

HR is responsible for periodically reviewing timesheets and other payroll entries to ensure that all employees are being paid correctly and for establishing any other internal controls deemed appropriate to prevent overpayments.

## **Notification to Employee**

When SSD determines that an employee has been overpaid, the employee shall be notified immediately. In situations such as where significant calculations are required to determine the amount of the overpayment, the employee may be given a general notice that an overpayment has occurred, and the written notice detailed below may be given later.

Before the recoupment begins, the Human Resources Director or Administrator will give the employee written notice that includes:

1. Pay date(s) the overpayment occurred,
2. Amount of the overpayment,
3. Reason for the overpayment,
4. SSD's plan for recoupment (if the employee does not choose another repayment option),
5. The employee's other options for reimbursement of overpayment,
6. The employee's deadline for choosing another option,
7. Procedure by which the overpayment can be disputed, and
8. For separated employees, a demand for repayment.

## **Disputes**

An employee who disputes an overpayment may submit a written dispute to the HR Director. The employee may include supporting documentation. The HR Director or designee will review the records supporting the overpayment claim, and the employee's request, including any documentation provided by the employee. After reviewing the relevant records, the HR Director or designee will give the employee written notice of HR's determination on the dispute. If the employee requests, the HR Director or designee will meet with the employee to explain the determination.

Recoupment may begin after HR's determination on any dispute; therefore, any disputes should be received in HR within three business days of the employee's notice. If a dispute is received after recoupment has started, the recoupment will stop until HR has made a determination on the dispute.

## **Active Employees**

The state payroll system is set up to automatically recoup overpayments in the next payroll cycle after the overpayment is corrected in the payroll system. To avoid an immediate lump sum recoupment, the following recoupment options are available for active employees:

1. Direct deposit reversal
2. One-time deduction from a subsequent paycheck
3. A payment plan, with recurring deductions from paychecks, up to 12 months\*
4. Personal payment from the employee (i.e., check, money order)\*

Deductions for recoupment may not bring the employee's pay below minimum wage without the employee's written approval.

\*Office of State Uniform Payroll (OSUP) approval is required to set up a payment plan longer than 12 months (26 pay periods), or to accept personal payment from an active employee.

If an active employee separates before recoupment is complete, the remaining overpayment will be taken from the employee's final paycheck. If the full amount is not recovered in the final paycheck, SSD will proceed with the process for recouping overpayment from the separated employee. Further, OSUP will block the employee's payroll record, so that the remaining amount may be recouped if the employee returns to state service.

### **New and Transferring Employees with Existing Overpayments**

If an active employee transfers to another state agency before recoupment is complete, SSD will notify the new agency and provide relevant documentation about the overpayment and the recoupment plan, and will work with the new agency as necessary. The new agency will be responsible for recouping any remaining balance not recouped before the employee left SSD, and for transferring the funds to SSD.

If SSD hires a former state employee with an existing overpayment, or if a current state employee with an existing overpayment transfers to SSD, SSD will work with OSUP and/or the employee's former agency to recoup the overpayment and transfer the funds to the employer's former agency.

### **Separated Employees**

When an employee separates from SSD before an overpayment is discovered or before recoupment of an overpayment is complete, the former employee may repay the overpayment through:

1. A one-time personal payment (i.e., check, money order), or
2. A payment plan, up to 12 months\*\*

\*\*OSUP approval is required to set up a payment plan longer than 12 months.

### **Referrals to Other Agencies**

SSD will report overpayments to OSUP, as required. OSUP processes recoupments in the payroll system. OSUP will ensure that overpayments that are not recouped while an employee is active remain in the payroll system, to be recouped if the employee returns to state service.

If an employee goes to another state agency and has an overpayment that has not been recouped, SSD will provide information to and work with the employee's new agency to recoup the overpayment.

SSD may also refer overpayments that are not recouped to the Department of Revenue (DOR) and/or the Attorney General's Office (AG) for collection, as required and permitted by law. The DOR and AG may use various means of collections, including court action, offsets from state or federal tax refunds, and suspension, revocation, or denial of licenses. The DOR and AG may also charge collection fees.

### **Exceptions**

Exceptions to this policy may be made by the SSD Superintendent, unless OSUP approval is required.