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State of Louisiana
Governor's Office of Homeland Security
and
Emergency Preparedness

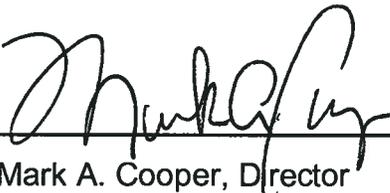
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Recoupment of Employee Overpayments
Policy Number: HR-0026

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Approval:


Mark A. Cooper, Director

I. POLICY:

Unearned payments to employees are prohibited by Article 7, Section 14 of the Louisiana State Constitution which prohibits the donation of public funds. In accordance with Louisiana Administrative Code Title 4, Part III, Chapter 7, it is the policy of the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) to ensure that all employees are paid accurately and that any overpayments to employees are recouped in a timely manner with minimal impact to the employee and to the GOHSEP. Overpayments occur when compensation that is not owed to the employee is paid in error. This includes but is not limited to payments such as overpayment of wages, annual leave paid in error, as well as erroneous refunds of deductions, etc.

All employees and GOHSEP staff responsible for processing pay actions into the ISIS-HR system, including time administrators, are responsible for following internal procedures and ensuring internal controls are in place to prevent overpayments to employees.

II. PURPOSE:

The purpose of this policy is to mandate the establishment of internal controls which will prevent overpayments to employees and to establish procedures for recoupment of overpayments when GOHSEP employees (active, transfers, or separated) have been overpaid.

III. APPLICABILITY:

This policy applies to all active and separated employees of the GOHSEP.

IV. DEFINITIONS:

Active Employee – an employee currently on the payroll of the GOHSEP.

Conditional Offer of Employment - a conditional offer of employment is an offer of employment conditioned on the satisfaction of various requirements. Should the applicant satisfy the conditions, then the conditional offer is generally followed by an unconditional offer. If all conditions are not met, the offer may be withdrawn.

Deduction – any voluntary/involuntary reduction in gross pay (e.g., health insurance, united way, taxes).

Direct Deposit Reversal – a formal request to the financial institution which received compensation for an employee to return funds deposited into that employee's account.

Express Consent – the employee responds to the written notification, either verbally or in writing, and advises that he/she agrees that he/she has been overpaid and he/she agrees with the agency plan of action for the recoupment.

Gaining Agency – the agency to which the overpaid employee is transferring.

Implied Consent – the employee does not respond to the written notification within 10 working days. This implies that the employee agrees that he/she has been overpaid and agrees with the plan of action for the recoupment, thus implying his/her consent to the recoupment of funds.

Losing Agency – the agency from which the overpaid employee is terminating/separating.

Net Pay – the amount of compensation due to the employee after withholding all voluntary and involuntary deductions from his wages/compensation earned.

Overpayment – the amount of compensation paid to an employee in error.

Recoupment – the act of recovering the compensation which was paid to the employee in error.

Separated Employee – an individual who was formerly an employee but who no longer works for the GOHSEP.

Unconditional Offer of Employment – the offer of employment made by the agency after all conditions of the conditional offer have been met.

Wage – the payment to an employee for services rendered.

V. PROCEDURE:

A. When Hiring an Employee

All prospective employees, including new hires, reemployments, transfers from other agencies and in some cases current employees of the GOHSEP, (promotions, lateral transfers, etc.) must sign a document called "Conditional Offer of Employment" which explains all of the conditions to be met prior to being made an unconditional offer of employment.

The Conditional Offer of Employment includes the signature of the applicant, acknowledging his/her receipt and understanding of this policy and, that if he/she is overpaid, the agency will follow the process in this policy in the recoupment of the overpayments.

No unconditional offer of employment will be made to any applicant/prospective employee failing to sign the Conditional Offer of Employment and meeting all of the conditions of that document.

B. Notification to Employee When Overpayment Occurs

An employee shall be notified immediately (verbally or in written or electronic form) if and when the Human Resources Office determines that an overpayment has been made. If the initial notification is verbal, it must be followed with a written confirmation. The written notification to the employee must include the following:

- 1) Pay date(s) on which the overpayment occurred;
- 2) Amount of the overpayment;
- 3) Reason that the overpayment occurred;
- 4) Agency plan of action for recoupment;
- 5) Employee options for reimbursement of overpayment, as appropriate;

- 6) Procedure employee should use if disputing any aspect of the overpayment (see D below); and
- 7) Instructions on how to locate this policy.

Prior to a deduction actually being made from the employee's future pay, the employee must agree that an overpayment occurred and agree to the plan for recoupment; either by express consent or implied consent (see definitions). If the employee disputes the claim of overpayment, deduction will not begin until a resolution to the dispute (see #6 above) has been reached.

C. Recoupment of Overpayment(s)

The amount to be recouped from any one paycheck cannot cause the employee's biweekly gross hourly wage to fall below the federal minimum wage without specific written approval from the employee.

1) From Active Employees

Once an overpayment is discovered for a current GOHSEP employee, the procedures outlined in V.B. above will be followed by the Human Resources Office. The repayment options will include:

- a) Direct deposit reversal; or
- b) One-time deduction from a subsequent paycheck; or
- c) Payment plan – recurring deductions can be established for a period not to exceed 12 months. Any exceptions to the 12 month period must be approved by the Office of State Uniform Payroll (OSUP) and the Appointing Authority; or
- d) Personal payment from employee (e.g., check or money order) – prior approval for this method of payment must be obtained from the OSUP.

If an employee who has been overpaid is separating from the agency, every effort shall be made to have the procedure completed such that the amount of the overpayment may be withheld from the employee's final paycheck. If the full amount is not recovered in the final paycheck, the agency shall follow the guidelines outlined in Section C. 2 or C. 4 below.

2) From Employees Transferring from the GOHSEP to Another State Agency

If an employee who has been overpaid is transferring from the GOHSEP to another state agency, and the recoupment process has not been completed, the Human Resource Office shall work with the gaining agency to assure completion of the recoupment process.

If a payment plan was not established prior to an employee transferring to the GOHSEP, the GOHSEP and the gaining agency will coordinate a recoupment plan.

3) From Employees Transferring from Another State Agency to the GOHSEP

If an employee who has been overpaid by the losing agency is transferring to the GOHSEP, and following receipt of notification and appropriate documentation, the Human Resources Office must continue any payment plan that was established at the losing agency.

If a payment plan was not established prior to an employee transferring into the GOHSEP, then the losing agency and the GOHSEP will work together to determine a recoupment plan for the employee.

4) From Separated Employees

Employees separated from the GOHSEP will be notified by the Human Resources Office of any overpayments according to the guidelines outlined in Section V. B. above. The written notice will include a demand for payment and should include the following repayment options:

- a) One-time personal payment from employee (e.g., check or money order), or,
- b) Payment plan – employee may submit multiple payments as agreed upon with the Human Resources Office and the period of recoupment may not exceed 12 months. Payment plans exceeding 12 months must have prior approval from the OSUP and the Appointing Authority.

Upon approval of the Appointing Authority, the Human Resources Office will submit unrecovered overpayments regarding separated employees to the GOHSEP Executive Counsel for legal action.

D. Dispute Mechanism

The GOHSEP will make every effort to ensure that an employee's pay is correct. However, any employee who believes he/she has been improperly paid (overpaid or underpaid) or has had funds withheld from his paycheck inappropriately, should bring this to the attention of his/her immediate supervisor and the Human Resources Office immediately upon discovering the error. It is recommended that employees review their pay statements via Louisiana Employees Online (LEO) as early as Wednesday of the pay week to validate their pay.

Should it be determined that the GOHSEP has underpaid an employee, the employee will be reimbursed all funds that are due him/her. Alternately, should it be determined that the employee has been overpaid; the Human Resources Office will follow the procedures outlined above to recoup the funds which were paid in error.

Once the employee has been notified of the overpayment and the options for repayment, the employee must agree that an overpayment occurred and to the method of repayment either by express consent or implied consent.

If the employee disagrees with the information provided he/she should attempt to resolve the issue with the Human Resources Office. If an employee has made a reasonable effort to resolve the matter with Human Resources Office and the employee still disputes the overpayment or the method of repayment, the employee must present the dispute of the claim in writing to the Appointing Authority. The decision of the Appointing Authority will be final.

An employee may dispute the claim of overpayment either before a deduction to his salary has begun or after the deduction has begun.

No deduction will be made to the employee's salary or an ongoing deduction will cease until a resolution to the dispute has been reached.

VI. RESPONSIBILITY:

All employees are responsible for complying with all aspects of this policy.

VII. EXCEPTIONS:

Requests for exceptions to this policy must be submitted to the Appointing Authority along with specific and compelling justification.

VIII. QUESTIONS:

Questions regarding this policy should be directed to the Human Resources Office.

IX. VIOLATIONS:

Employees found to have violated this policy may be subject to disciplinary action up to and including termination.