

## ADMINISTRATIVE DIRECTIVE

### 8.4 RECOUPMENT OF OVERPAYMENT

#### A. Policy

It is the policy of LSU Health Sciences Center - Shreveport, EA Conway Medical Center - Monroe, or Huey P. Long Medical Center - Pineville (hereafter referred to as the "Health Sciences Center") to establish consistent procedures to recoup overpayments. Overpayments occur when compensation and/or reimbursements that are not owed to the employee are paid in error. This includes, but is not limited to, overpayment of wages, annual leave paid in error, erroneous refunds of de lack of deductions. This policy is in accordance with LA R.S. 42:460.

#### B. Definitions

1. **ACTIVE EMPLOYEE.** Any employee currently working for the Health Sciences Center
2. **DEDUCTIONS.** Any voluntary/involuntary reduction in net pay (e.g., health insurance, United Way, taxes)
3. **NET PAY.** The amount of compensation due to the employee after withholding all voluntary and involuntary deductions from wages and compensation earned.
4. **OVERPAYMENT.** Unearned compensation of state funds to employees.
5. **RECOUPMENT.** Reimbursement of overpayment that was not due an employee.
6. **PROSPECTIVE EMPLOYEES.** All new hires and employees who have transferred from another state agency to the Health Sciences Center.

#### C. Notification of Overpayment

The Health Sciences Center will notify the employee immediately once an overpayment has been determined. Written notification will be provided from the Payroll Department prior to withholding the recoupment from a future payment. The notification to the employee will include:

1. Pay date(s) of when overpayment occurred
2. Amount of the overpayment
3. Reason for overpayment
4. Employee options for reimbursement of overpayment
5. Procedure by which the proposed recoupment can be disputed

#### **D. Recoupment from Active Employee**

The institution will recoup the overpayment in one of the following ways:

1. Direct deposit reversal
2. One-time deduction from subsequent paycheck
3. Repayment plan
  - a. The employee and the Director of Accounting or designee must agree to a repayment plan.
  - b. The payment plan cannot exceed 12 months.
4. Personal payment from employee by check or money order

A response must be made to Payroll within ten days of receiving the notification of overpayment. If a response is not received within this time frame, then Payroll will contact Human Resource Management. At that point, HRM will seek legal advice to determine if legal recourse will be taken.

If the employee decides to terminate their employment and owes an overpayment, the employee will repay any unpaid balance of the overpayment in full from the employee's final paycheck upon separation.

The amount to be recouped will not bring the employee's biweekly gross hourly wage amount below the federal minimum wage; unless, the employee agrees to have a larger

#### **E. Recoupment from Employees Transferring to Another State Agency**

If an overpaid employee is transferring from the Health Sciences Center to another state agency, the institution cannot forgive the debt. The Health Sciences Center will work with the new agency and the employee to collect the remainder of the outstanding balance due. In addition, the Health Sciences Center will work with other state agencies to recoup overpayments of their former employees that currently work for the institution.

#### **F. Recoupment from Separated Employees**

If an overpaid employee is separating from the Health Sciences Center the institution cannot forgive the debt. Written notice will be sent indicating demand for repayment.

Repayment options are as follows:

1. One-time personal payment from employee by certified check or money order
2. Payment plan as agreed upon and not to exceed 12 months

A response must be made to the Health Sciences Center within ten days of receiving the notification of overpayment letter. If a response is not received within this time frame, then Payroll will contact Human Resource Management. At that point, HRM will seek legal advice to determine if legal recourse will be taken.

#### **G. Notification of Recoupment Policy**

All current employees will be notified of the policy.

As a condition of employment, all prospective employees will sign a statement

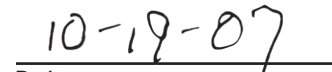
acknowledging understanding of the recoupment policy and that, if overpaid, the overpayment may be recouped after notification from the institution. Job offers will be withheld to prospective employees failing to comply with this rule.

## H. Dispute Procedure

If an employee does not agree with the recoupment, the employee can file an appeal with the Director of Human Resource Management (HRM). The appeal should be received in HRM no later than 10 working days from receiving the written notification from the Payroll Department. The appeal should be in writing with explanation as to why the employee believes the recoupment is not warranted, and the employee must attach any supporting documentation to be considered in the review. The Director of Human Resource Management or his designee will notify the employee and the Payroll Department in writing of the decision rendered. The decision shall be final.

This Administrative Directive is effective June 1, 2005.  
Revision effective October 1, 2007

  
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Signed: John C. McDonald, Chancellor

  
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Date