DEPARTMENT OF NATURAL RESOURCES

HUMAN RESOURCES POLICY NO:	**29**
EFFECTIVE DATE:	**May 1, 2005**
SUBJECT:	**RECOUPMENT OF SALARY OVERPAYMENT POLICY**
AUTHORIZATION:	**LA Revised Statute 42:460**

I. POLICY:

In accordance with LA Revised Statute 42:460, it is the policy of the Department of Natural Resources to ensure that all employees are paid correctly and that any overpayments to employees are recouped in a timely manner with minimal impact to the employee and to the Department.

II. PURPOSE:

The purpose of this policy is to ensure that all employees of the Department are paid correctly and that any unearned compensation payment made in error is recouped from the employee. Agreement to any recoupment of overpayments is a condition of employment. Unearned payments to employees are prohibited by Article 7, Section 14 of the Louisiana State Constitution which prohibits the donation of public funds.

III. DEFINITIONS:

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

Deduction – any voluntary/involuntary reduction in gross pay (e.g., health insurance, United Way, taxes, etc.).

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.

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

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

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

Overpayment – the amount of compensation paid to an employee in error. This includes but is not limited to overpayment of wages, leave paid in error, and/or erroneous refunds of deductions.

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

Separated Employee – an employee no longer working for DNR

Statement of Understanding – statement to be signed by current and prospective employees acknowledging receipt of this policy.

Wage – the payment to an employee for services rendered.

IV. PROCEDURES:

A. When Hiring An Employee

All prospective employees (including new hires, reemployments, and transfers from other agencies) must sign a Policy Receipt Acknowledgement form for this policy. By signing this form, the applicant, acknowledges his/her understanding of this policy, and, that if he/she is overpaid, the agency may recoup the overpayment in a future pay period after notification from the Human Resource Office of the Department of Natural Resources, in accordance with this policy.

B. Notification to Employee When Overpayment Occurs

An employee shall be notified immediately (in verbal, written or electronic form) if and when the Human Resource Office determines that an overpayment has been made. If the initial notification is verbal, it must be followed with a written confirmation. A copy of this policy must accompany the written notification, or instructions on how the employee may locate a copy of the policy must be given verbally or contained in the notification. The notification to the employee must include the following:

1. pay date(s) 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; and
6. procedure employee should use if disputing the amount of overpayment.

Prior to a deduction actually being made from the employee's future pay, the employee will be advised (verbally or in written or electronic form) that the deduction is planned. If the initial notification is verbal, it must be followed with a written confirmation.

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

Should an overpayment be discovered for a current DNR employee, the procedures outlined in Section B above will be followed by the Human Resource Office. The repayment options will include:

a. direct deposit reversal; or

b. a one-time deduction from a subsequent paycheck; or

c. a 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), or

d. a personal payment from employee (e.g., check or money order). Prior approval must be obtained from OSUP in order to use this option.

If an employee who has been overpaid is separating from the agency, effort should be made to have the procedure completed so 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 should follow the guidelines outlined in Section C.4. below.

2. From Employees Transferring from DNR to Another State Agency

If an employee who has been overpaid is transferring from DNR 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 leaving DNR, then DNR and the gaining agency will coordinate a recoupment plan that includes the process for transferring funds received at the gaining agency back to DNR.

3. From Employees Transferring from Another State Agency to DNR:

If an employee who has been overpaid by the losing agency is transferring to DNR, the Human Resource 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 DNR, then the losing agency and DNR will work together to determine a recoupment plan for the employee and for transferring funds received at DNR back to the losing agency.

4. From Separated Employees

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

a. a one-time personal payment from employee (e.g., check or money order), or

b. a payment plan. The employee may submit multiple payments as agreed upon with the Human Resource Office and the period of recoupment may not exceed 12 months. Payment plans exceeding 12 months must have prior approval from OSUP.

Should the Human Resource Office be unable to recover overpayments from a separated employee, the Human Resource Office will notify the Appointing Authority who will turn the matter over to legal counsel.

V. COMPLAINT MECHANISM FOR PAY DISPUTES:

DNR 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/her paycheck inappropriately, should bring this to the attention of the Human Resource Office immediately upon discovering the error.

Should it be determined that DNR 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, and then DNR will follow the procedure outlined above to recoup the funds which were paid in error. If an employee disagrees with the information provided by the Human Resource Office, the employee should follow the procedures outlined in the Civil Service Grievance Procedures, found in the Human Resources Office.

VI. REQUIREMENTS:

All prospective employees including new hires and employees transferring to the department from another state agency must sign acknowledgement of this requirement prior to final employment approval. Current employees must also sign acknowledgment of this policy.
All employees and department staff responsible for processing pay actions into the ISIS-HR system are responsible for following internal procedures and controls to prevent overpayments to employees.

VII. EXCEPTIONS:

Requests for exceptions to this policy should be submitted to the Appointing Authority through the Human Resource Office. Documentation should include:

1. Name and title of the individual overpaid;
2. Section in which he/she is employed;
3. Amount of the overpayment;
4. Circumstances leading up to the overpayment;
5. Reason(s) it was decided not to recoup the overpayment, or to allow longer than one year for recoupment.

Any exception must have the written approval of the Appointing Authority or his/her delegated representative.

VIII. VIOLATION OF POLICY:

Failure to comply with the provisions of this policy may subject an employee to disciplinary action.

IX. QUESTIONS:

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

Scott A. Angelle, Secretary

5/2/05

Date