



**Policy & Procedure No. 5.024**  
**Nunez Community College**

**Title: Recoupment of Overpayments**

**Effective Date: 05-22-2019**

**Last Revision Date:**

**Cancellation:**

**Department/Office: Business Affairs**

***Recoupment of Overpayments***

**PURPOSE**

Overpayments occur when compensation that is not owed to the employee is paid in error. This includes but is not limited to overpayment of wages, leave paid in error, as well as, erroneous refunds of deductions. Unearned payments to employees are prohibited by Article 7, Section 14 of the Louisiana State Constitution which prohibits the donation of public funds. As a result, Nunez Community College is required to make a reasonable effort to recoup overpayments to both active and separated employees. Nunez must also establish internal controls to prevent overpayments.

**SCOPE**

This policy applies to the entire LCTCS and all payroll systems through which employees of the LCTCS are paid. It thereby incorporates the procedures of the Recoupment of Overpayments rule (LAC 4:III.Chapter 7) established by the Office of the Governor, Division of Administration, Office of State Uniform Payroll.

As part of the onboarding process, a signed statement must be obtained from the hired employee (includes new hires and employees who have transferred from one agency to another agency) acknowledging his/her understanding of the college's recoupment policy and that, if overpaid, the overpayment may be recouped in a future pay period after notification from the HR department, in accordance with the college's policy.

**Policies and Procedures**

Nunez (NCC) has developed specific procedures to follow when an employee has been overpaid.



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- a. NCC has incorporated into its recoupment policy the policies and procedures for the collection and reporting of accounts receivable which are published in the November 20, 2002 edition of the *Louisiana Register*.
- b. NCC has incorporated into its recoupment policy a dispute procedure for an employee to follow if the employee does not agree with the college's claim of overpayment.
- c. All employees and college staff who affect the pay process in an agency including timekeepers, employee administration, payroll and human resources, are responsible to assist in achieving an overall effective system of control to produce accurate payments. Thus, NCC has prepared internal control policies and maintains an effective system of internal controls to prevent overpayments.

**Notification to Employee of Overpayment**

Employees must be notified immediately once the college determines that an overpayment has been made. Written notification must be provided prior to withholding the recoupment from a future payment(s). The notification to the employee must include the following:

1. pay date(s) the overpayment occurred;
2. amount of the overpayment;
3. college plan of action for recoupment;
4. employee options for reimbursement of overpayment, as appropriate;
5. reason for overpayment; and college procedure by which the proposed recoupment can be disputed.

**Recoupment from Active Employees**

The following repayment options should be made available, as applicable:

1. direct deposit reversal;
  2. one-time deduction from a subsequent paycheck;
  3. payment plan; or
- a. recurring deductions can be established according to the procedures established by the payroll system through which the employee is paid, and in any case, shall not exceed 12 months, unless the Chancellor or his/her designee grants an exception;
  - b. each payroll system of the LCTCS must establish a designated approver for any recoupment payment plan crossing a calendar year and/or fiscal year.
4. personal payment from employee (i.e., check, money order);



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a. agencies paid through LCTCS centralized payroll must establish a designated approver from whom approval must be obtained prior to accepting a check from an active employee.

If an employee who has been overpaid is separating from the college, the amount of the overpayment must be withheld from the employee's final paycheck. If the full amount is not recovered, refer to the agency guidelines outlined in the section of this policy entitled Recoupment from Separated Employees.

The amount to be recouped in a one-time payment or in recurring payments cannot bring the employee's bi-weekly gross hourly wage amount below the federal minimum wage.

**Recoupment from Employees Transferring to another State Agency**

If an overpaid employee is transferring to another state agency, and Nunez has not completed the recoupment process, Nunez shall notify the new agency that the employee has an outstanding balance due Nunez shall provide pertinent documentation regarding the details of the overpayment and the recoupment plan established. The two agencies will then work together to determine a reasonable solution for recouping the overpayment from the employee and for transferring funds received at the new agency back to Nunez. If a payment plan is established in the payroll system of the new agency, the amount to be recouped in a onetime payment or in recurring payments shall not bring the employee's biweekly gross hourly wage amount below the federal minimum wage, unless the employee agrees to have a larger amount withheld in writing.

**Recoupment from Separated Employees**

Nunez must notify employee of overpayment according to guidelines in the section of this policy titled Notification to Employee of Overpayment. The written notice to the employee must include a demand for repayment. The following repayment options are available, as appropriate:

1. one-time personal payment from employee (i.e. check, money order); or
2. payment plan:
  - a. employee may submit multiple payments as agreed upon with the college
  - b. the period of recoupment shall not exceed 12 months, unless the Chancellor or his/her designee grants an exception.



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If the college is unable to recover overpayments from a separated employee, the college must follow agency policies regarding the collection of delinquent debt. In the event that the debt becomes delinquent, all collection and related costs will be the responsibility of the employee.

**Dispute Procedure**

If an employee/separated employee does not agree with Nunez’s claim of overpayment, the employee/separated employee may file an appeal with Human Resources. The appeal must be received by Human Resources no later than fourteen (14) days from the date of Notification of Overpayment. The appeal must be in writing, explain why the employee/separated employee believes recoupment is not warranted, and must contain any supporting documentation to be considered for review. The Human Resources Director and Director of Accounting and Budget shall make a final decision on the appeal and notify the employee/separated employee in writing.

X	Reviewing Council/Entity	Review Date	Effective Date
X	Human Resources	04-16-2019	05-22-2019
X	College Compliance Committee	05-16-2019	05-22-2019
X	Chancellor’s Council	05-22-2019	05-22-2019

*Policy Referenced: LCTCS Policy #5.024*

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***Chancellor’s Signature/Approval***

SIGNATURE: 

DATE: 05-22-2019

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Chancellor