



POLICY TITLE
Recoupment of Employee Overpayments

POLICY NUMBER
7-010

Responsible Unit: <i>Southern University System Human Resources Office</i>	Effective Date: <i>08/01/2025</i>
Responsible Official: <i>Chief Human Resources Officer</i>	Last Reviewed Date: <i>06/06/2025</i>
Policy Classification: <i>Human Resources</i>	Origination Date: <i>06/22/2024</i>

I. POLICY STATEMENT AND RATIONALE

On occasion, unearned or overpayments not owed to an employee may occur. Generally, these unearned payments are made in error and may involve errors in hours worked, benefit deductions, leave accruals, etc. However, when an overpayment has occurred, Southern University System (SUS) has an obligation, as stated by Louisiana law, to recoup any unearned or erroneous payment made to active and separated employees.

All employees and staff responsible for processing pay actions into the payroll system of record, including supervisors (approvers of time), are responsible for following internal procedures and ensuring internal controls are in place to prevent overpayments to employees.

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

II. POLICY SCOPE AND AUDIENCE

This Policy applies to all current and separated employees, offices, departments, and institutions under the Southern University System.

III. POLICY COMPLIANCE

Violations or failure to adhere to this Policy may result in disciplinary action under the appropriate employee handbook, including termination or legal or ethical sanctions under Louisiana laws.

IV. POLICY DEFINITIONS

- a. Active Employee: an employee currently on the SUS payroll.
- b. Conditional Offer of Employment – the offer of employment which explains all the conditions to be met prior to being employed. All prospective employees (including new hires, reemployments, transfers from other state entities and in some cases promotion, lateral transfer, etc., of current SUS employees) must complete to accept the new position.
- c. Deduction - any voluntary or involuntary reduction in gross pay (e.g., health insurance, United Way, taxes, etc.)
- d. Direct Deposit Reversal - a formal request to the financial institution to return funds deposited into an active or separated employee's account.
- e. Implied Consent – if the employee does not respond to the written notification within 10 working days. This implies that the employee agrees that they have been overpaid and agrees with the plan of action for the recoupment, thus implying their consent to the recoupment of funds.
- f. Inappropriate or erroneous payment – payment for expenses on behalf of an active or separated employee that is later deemed to be inappropriate or erroneous but not fraudulent.
- g. Net Pay - the amount of compensation due to the active or separated employee after withholding all voluntary and involuntary deductions from that person's wages and compensation earned.
- h. Overpayment - unearned compensation of any and all funds administered by SUS which are paid in error to active or separated employees, including but not limited to overpayment of wages, annual leave paid in error, and/or erroneous refunds of deductions.
- i. Recoupment - reimbursement of overpayment that was not due to an active or separated employee.

- j. Separated Employee: a former employee who no longer works for the SUS.
- k. Wages - payment to an active or separated employee for employment services rendered to SUS, whether the employment is by the hour, day, week, or month.

V. POLICY IMPLEMENTATION PROCEDURES

Notification of Overpayment, Inappropriate, or Erroneous Payments:

Active or separated employees shall be notified immediately once SUS determines that an overpayment, inappropriate, or erroneous payment has been made. Written notification to that person will be provided by the SUS Payroll Department or Office of Human Resources prior to withholding the recoupment from future payments. This Notification of Overpayment, Inappropriate, or Erroneous Payment shall include:

- a. Date(s) the overpayment, inappropriate, or erroneous payment occurred;
- b. Amount of the overpayment, inappropriate, or erroneous payment;
- c. Reason for overpayment, inappropriate, or erroneous payment;
- d. SUS plan of action for recoupment of overpayment, inappropriate or erroneous payment;
- e. Employee options for reimbursement of overpayment, inappropriate or erroneous payment, as appropriate; and
- f. Procedure by which the proposed recoupment can be disputed.

Plan of Action for Recoupment from Active Employees:

Notification of overpayment will be sent to the employee's official .sus email address. Where applicable, the campus HR office may also send a copy to the employee's campus-specific email account. SUS will recoup overpayments, inappropriate, or erroneous payments made to active employees in one of the following ways:

- a. Direct deposit reversal; or
- b. One-time deduction from a subsequent paycheck, provided the deducted amount does not bring the active employee's bi-weekly gross hourly wage amount below the federal minimum wage unless indicated by written approval from the active employee; or
- c. **Payment plan as agreed upon by SUS for a period not to exceed twenty-four (24) months.** The number of recurring deductions will be determined by the Vice Chancellor for Finance & Administration upon recommendation of the Office of Human Resource, or for non-payroll items, the Comptroller, based on the amount of overpayment, as long as the deducted amount does not bring the active employee's biweekly gross hourly wage amount below the federal minimum wage, unless indicated by written approval from the active employee.
- d. Personal payment from the active employee, in the form of a cashier's check or money order made payable to SUS; or
- e. If an active employee who has been overpaid, or for whom an inappropriate, or erroneous payment has been paid on his/her behalf, is separating or being

terminated from SUS, the amount of the overpayment, inappropriate, or erroneous payment shall be withheld from the active employee's final paycheck. If the full amount is not recovered by such withholding, SUS shall proceed with the Plan of Action for Recoupment from separated employees.

- f. The System Vice President for Finance and Administration can approve, in extreme cases, payment plans exceeding (24) months with the appropriate documentation.

Plan of Action for Recoupment from Employees Transferring to Another State Agency:

- a. If an active employee responsible for recoupment is transferring to another state agency, and SUS has not completed the recoupment process, SUS shall notify the new agency that said employee has an outstanding balance due SUS; and
- b. SUS shall provide pertinent documentation regarding the details of the overpayment, inappropriate, or erroneous payment and the recoupment plan established; and
- c. The two agencies will then work together to determine a reasonable solution for recouping the overpayment, inappropriate, or erroneous payment from said employee and for transferring funds received at the new agency back to SUS; and
- d. 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 said employee's biweekly gross hourly wage amount below the federal minimum wage, unless the employee agrees, in writing, to have a larger amount withheld.

Plan of Action for Recoupment from Separated Employees:

- a. If an overpayment, inappropriate, or erroneous payment was made to an active employee and recoupment is first attempted after the employee has separated from SUS, the debt shall not be forgiven. If SUS is unable to recover overpayments from a separated employee, it will consult with legal counsel to determine if legal recourse is warranted.
- b. In accordance with the Office of Debt Recovery procedures, SUS will notify the separated employee of the overpayment, inappropriate, or erroneous payment pursuant to this policy, and will demand repayment.
- c. The following repayment options are available
 - 1. One-time personal payment from the separated employee in the form of a cashier's check or money order made payable to SUS, or
 - 2. A payment plan, as established and agreed to by the SUS Vice Chancellor for Finance & Administration, upon recommendation of the Office of Human Resources and the Comptroller as applicable, for a period not to exceed twelve (12) months.

Notification of Recoupment Policy:

- a. All active employees will be notified of this Policy.
- b. As a condition of employment or of enrollment, all prospective employees shall sign a statement acknowledging his/her understanding of the recoupment policy and that, if overpaid, or if an inappropriate, or erroneous payment was paid on

the behalf of the employee, the recoupment may be made in a future pay period after notification from SUS in accordance with this Policy.

- c. Job offers will be withheld to prospective employees who fail to comply with this Policy.

Inappropriate Expenses Using the Purchasing Card:

Inappropriate but not fraudulent expenses paid using the purchasing card will result in immediate suspension of the purchasing card. The Vice Chancellor of Finance, after a full investigation in coordination with legal counsel, will determine if purchasing card privileges will be revoked from the active employee based on the circumstances surrounding the purchase.

Collection and Reporting of Accounts Receivable:

SUS shall handle all applicable reimbursed overpayments, inappropriate or erroneous payments in compliance with the policies and procedures for the collection and reporting of accounts receivable as published in the November 20, 2002, edition of the Louisiana Register.

Dispute Procedure:

- a. If an Active or Separated Employee does not agree with SUS claim of overpayment, inappropriate, or erroneous payment, that person may file an appeal with the Office of Human Resources, which must be received no later than fourteen (14) days from the date of *Notification of Overpayment, Inappropriate, or Erroneous Payment*.
- b. The appeal must be in writing, must explain why the person believes recoupment is not warranted, and must contain any supporting documentation to be considered for review.
- c. The Director of Human Resources shall make a recommendation to the Vice Chancellor of Finance and Administration, who shall accept, reject, or modify the recommendation.
- d. The decision of the Vice Chancellor for Finance and Administration or his/her designee shall be final upon the concurrence of the Chancellor and shall be transmitted in writing to the Active or Separated Employee, with a copy sent to the Payroll Department.

VI. POLICY RELATED INFORMATION

1. Article 7, Section 14 of the Louisiana Constitution prohibits the donation of public funds and thus prohibits any unearned payments to, or inappropriate or erroneous payments on behalf of, employees.
2. La. R.S. 42:460 states that “[t]he division of administration shall have the power to promulgate rules and regulations necessary to provide state agencies with the ability to recoup overpayments made to state employees. Such recoupments shall include but not be limited to overpayment of wages paid to employees and erroneous refunds of deductions withheld from employees.” See Louisiana Administrative Code Title 4, Part III, Chapter 7 for the rules and regulations promulgated pursuant to this statute.

VII. POLICY HISTORY AND REVIEW CYCLE

This is a new policy developed to memorialize and outline the recoupment of overpayment process. The policy will become effective upon approval by the System Board of Chair and President. It will be reviewed on a five-year review cycle. Additionally, interim reviews may be conducted as needed to address emerging challenges or opportunities.

VIII. POLICY URL

With respect to system policies, the SU System Policy and Planning Committee shall electronically post and archive approved and signed system policies on the system website at <https://www.sus.edu/page/policy-search>.

IX. POLICY APPROVAL

Policy approved at the August 15, 2025, meeting of the Board of Supervisors for the Southern University System.