

December 3, 2025

LOUISIANA DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT

SECRETARY'S POLICY AND PROCEDURE MEMORANDUM (PPM) NO. 67

SUBJECT: Recoupment of Employee Overpayments

EFFECTIVE DATE: December 3, 2025

INSTRUCTIONS: This memorandum supersedes all other memoranda and manuals.

1. POLICY STATEMENT

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 LA Revised Statute 42:460, it is the policy of the Department of Transportation and Development (DOTD) 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 DOTD. 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. This policy shall be applicable to all active employees in all sections/districts within DOTD, both general and ancillary appropriations as well as all separated employees.

All employees and department staff responsible for processing pay actions into the LaGov system, including time administrators, are responsible for following internal procedures and ensuring internal controls are in place to prevent overpayment to employees.

2. PURPOSE

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

3. DEFINITIONS

- A. Active Employee - an employee currently on the payroll of the DOTD.
- B. 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 official offer. If all conditions are not met, the offer may be withdrawn.
- C. Deduction - any voluntary/involuntary reduction in gross pay (e.g., health insurance, united way, taxes).
- D. 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.

December 3, 2025

SECRETARY'S POLICY AND PROCEDURE MEMORANDUM (PPM) NO. 67

SUBJECT: Recoupment of Employee Overpayments

Page 2

- E. Express Consent- the employee responds to the written notification, either verbally or in writing, and advises that they agree that they have been overpaid and they agree with the agency's plan of action for the recoupment.
- F. Gaining Agency - the agency to which the overpaid employee is transferring.
- G. Implied Consent - 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.
- H. Losing Agency - the agency from which the overpaid employee is terminating/ separating.
- I. Net Pay - the amount of compensation due to the employee after withholding all voluntary and involuntary deductions from their wages/compensation earned.
- J. Overpayment - the amount of compensation paid to an employee in error.
- K. Recoupment - the act of recovering the compensation which was paid to the employee in error.
- L. Separated Employee - an individual who was formerly an employee but who no longer works for the DOTD.
- M. Official Offer of Employment - the offer of employment made by the Section/District after all conditions of the Conditional Offer have been met and after Human Resources has made notification that the employee may be made an official offer of employment.
- N. Wage - the payment to an employee for services rendered.

4. PROCEDURES

A. Appointing Selected Candidate

Selected candidates must sign a document called "Conditional Offer of Employment", which explains all of the conditions to be met prior to being made an official offer of employment.

The Conditional Offer of Employment includes the signature of the applicant, acknowledging their receipt and understanding of this policy and, that if they are overpaid, the agency will follow the process in this policy to recoup the overpayment.

December 3, 2025

SECRETARY'S POLICY AND PROCEDURE MEMORANDUM (PPM) NO. 67

SUBJECT: Recoupment of Employee Overpayments

Page 3

No official offer of employment will be made to any selected candidate failing to sign the Conditional Offer of Employment and meeting all of the conditions of that document.

B. Notification of Overpayment

When an active or separated employee is overpaid, Human Resources will notify them verbally and/or in writing. If the initial notification is verbal, it must be followed with written confirmation. The written notification to the employee must include the following:

- (1) Pay date(s) on which the overpayment occurred.
- (2) The 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 the 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 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

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) **Active Employees**
Should overpayment be discovered for a current DOTD employee, the procedures outlined in 4.B. above will be followed by Human Resources. The repayment options will include:
 - a. Direct deposit reversal; or
 - b. One-time deduction from a subsequent paycheck; or
 - c. Personal payment from employee (e.g., check or money order); or
 - d. Reduction of compensatory leave (k-time) balances; or
 - e. Payment plan. Recurring deductions can be established for a period not to exceed 12 months. A payment plan has a minimum deduction of \$100 per paycheck.

December 3, 2025

SECRETARY'S POLICY AND PROCEDURE MEMORANDUM (PPM) NO. 67

SUBJECT: Recoupment of Employee Overpayments

Page 4

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. 3) below.

(2) Transferring Employees

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

Human Resources will also work with other agencies in a similar fashion when an overpaid employee transfers to DOTD.

(3) Separated Employees

Employees separated from the DOTD will be notified by Human Resources of any overpayment according to the guidelines outlined in Section 4. B. above. Further, 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. The employee may submit multiple payments as agreed upon with Human Resources, and the period of recoupment may not exceed 12 months.

Should Human Resources be unable to recover overpayments from a separated employee, Human Resources will turn the matter over to the Legal Section to determine if legal recourse is warranted, based on consideration of the dollar value of the overpayment, cost of recoupment, time elapsed since overpayment, etc.

D. Dispute Mechanism

The DOTD will make every effort to ensure that an employee's pay is correct. However, any employee who believes they have been improperly paid (overpaid or underpaid) or has had funds withheld from their paycheck inappropriately, shall bring this to the attention of their supervisor and/or Appointing Authority and Human Resources 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 determine if pay is as expected.

December 3, 2025

SECRETARY'S POLICY AND PROCEDURE MEMORANDUM (PPM) NO. 67

SUBJECT: Recoupment of Employee Overpayments

Page 5

Should it be determined that the DOTD has underpaid an employee, the employee will be reimbursed all funds that are due to them. Alternately, should it be determined that the employee has been overpaid, Human Resources 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 by Human Resources, they should contact Human Resources to discuss the matter. If, after a reasonable effort to resolve the matter, the employee still disputes the overpayment or the method of repayment, the employee must present the dispute of the claim in writing to Human Resources. 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.

5. RESPONSIBILITIES

A. Office Head

- (1) Holds District Administrators/Section Heads under their supervision accountable for adhering to all aspects of this policy.

B. Appointing Authority

- (1) Ensures that every employee of their District/Section, as well as every applicant who made a conditional offer of employment is made aware of this policy.
- (2) Ensures that no applicant is given an official offer of employment and that no applicant reports to work until and unless the notification has been received that the prospective employee has met all the conditions set forth in the Conditional Offer of Employment.
- (3) Develops, maintains, and follows internal procedures which ensure that an employee's time and attendance is entered and reported correctly.
- (4) Notifies Human Resources, as soon as practical, of any pending separations (terminations and resignations), and transfers (refer to PPM #22).
- (5) Notifies the applicable employee, as well as that employee's supervisor and Human Resources, as soon as practical, of any known overpayment made

December 3, 2025

SECRETARY'S POLICY AND PROCEDURE MEMORANDUM (PPM) NO. 67

SUBJECT: Recoupment of Employee Overpayments

Page 6

to an employee and works with the employee and Human Resources to establish repayment terms.

- (6) Holds managers/supervisors and employees accountable for adherence to all aspects of this policy.

C. Managers/Supervisors

- (1) Complies with all aspects of this policy.
- (2) Notifies their Appointing Authority and Human Resources when they become aware of or suspect that an overpayment has occurred and then cooperate in establishing a repayment plan.

D. Human Resources

- (1) Ensures that all personnel actions affecting pay are processed accurately and in accordance with pay rules for the various types of employees and officials served by the office.
- (2) Notifies the Appointing Authority as soon as possible when and if an applicant has met all the conditions of the Conditional Offer of Employment and may make an official offer of employment.
- (3) Notifies an employee that they have been overpaid, explaining how the overpayment occurred, and works with the employee in establishing a repayment plan. If the initial notice to the employee is verbal, Human Resources must follow up with a written notification.
- (4) Follows the procedures of the Office of State Uniform Payroll (OSUP) related to direct deposit reversals, transferring funds received between agencies, and reporting of accounts receivable.

E. Time Administrators

- (1) Follows all procedures intended to ensure the accurate input of employees' time and attendance.
- (2) Alerts the Appointing Authority and/or Human Resources when they believe that an employee has been paid incorrectly.
- (3) Alerts the Appointing Authority of any problem with the timekeeping process.

December 3, 2025

SECRETARY'S POLICY AND PROCEDURE MEMORANDUM (PPM) NO. 67

SUBJECT: Recoupment of Employee Overpayments

Page 7

F. Employees

- (1) Complies with all aspects of this policy.
- (2) Immediately notifies their supervisor and/or Appointing Authority, as well as Human Resources, upon becoming aware of overpayment or the possibility of an overpayment.
- (3) Works with Human Resources in establishing a repayment plan.
- (4) Uses the dispute mechanism described in this policy when not in agreement with the notification of overpayment or with the plan for recoupment.

G. General Counsel

- (1) Takes the appropriate legal action to recoup the overpaid money.

6. POLICY EXCEPTIONS

Requests from the employee for exceptions to this policy should be submitted to Human Resources. Documentation should include:

- (1) Name and title of the employee making the request for exception.
- (2) District/Section in which they are employed.
- (3) Amount of overpayment.
- (4) Circumstances creating overpayment.
- (5) Documentation which includes the reasons the employee believes that some or all the overpaid money should not be recouped.

Any exception must be submitted to Human Resources for review and recommendation to the Undersecretary.

7. FURTHER INFORMATION

Questions regarding this policy should be directed to Human Resources.

December 3, 2025

SECRETARY'S POLICY AND PROCEDURE MEMORANDUM (PPM) NO. 67

SUBJECT: Recoupment of Employee Overpayments

Page 8

8. VIOLATIONS

Any employee found to have violated this policy will be subject to disciplinary action, up to and including termination.

Signed by:



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Glenn Ledet, Jr.
Secretary