

SERENITY BEHAVIORAL HEALTH SYSTEMS

SUBJECT: Recovery of Overpayments
POLICY NUMBER: HR 45.0
EFFECTIVE DATE: February 2005
SUPERSEDES: N/A
LAST REVISION DATE: November 2008

POLICY:

It is the policy of Serenity Behavioral Health Systems (SBHS), for active or inactive employees of SBHS, who receive erroneous funds are required to make full restitution to SBHS in accordance with the methods described in this policy.

TYPES OF OVERPAYMENTS

An employee is considered overpaid when one of the following actions occurs, and the Human Resources Department receives notification after payment is made:

- I. Employee is on unpaid leave of absence,
- II. Employee terminates service,
- III. Employee transfers out to another state agency or a non-state payroll entity, e.g. County DFCS Office,
- IV. Delay in deactivating an employee's temporary salary adjustment, or any other time-limited payment,
- V. Other payments to the employee that is unauthorized.

NOTIFICATION OF AN OVERPAYMENT

When a paycheck overpayment occurs, the Human Resources Department will send the initial written notification to active and inactive employees.

- I. Inactive employees shall be given thirty (30) days, from the date of the written notification to respond.
- II. Inactive employees, who fail to respond to initial notification, or otherwise fail to cooperate in the restitution process, will be contacted by the SBH Attorney, and appropriate collection proceedings will be initiated as necessary.
- III. Active employees shall be given ten (10) days from the date of written

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notification to respond to the Human Resources Department. Employees who fail to contact the Human Resources Department by the deadline date will be denied consideration of an installment repayment schedule and are subject to a one-time deduction for the full amount owed.

REPAYMENT PROCESS

Active and inactive employees will have the option to establish a repayment arrangement when a payment of the amount due would create a financial hardship and there is no indication of fraud, misrepresentation, fault or lack of good faith on the part of the employee. The size and frequency of installment payments, if deemed appropriate, should bear a reasonable relation to the size of the debt and the ability to pay.

- I. The Payroll Department will establish the repayment schedule for active employees.
- II. The Chief Financial Officer or his/her designee will establish repayment schedules for inactive employees.
- III. Deductions for salary offset for active employees will be made from regular earnings, not to exceed 15% of gross pay, except when a greater percentage may be deducted upon employee's written consent.
- IV. Unused accrued annual leave will offset the overpayment of an inactive employee. If the dollar amount of the accrued annual leave does not satisfy the debt, the former employee will be required to submit payment for the difference, based on a written agreement with the Chief Financial Officer.
- V. When accrued annual leave is sufficient to cover the full debt of an inactive employee, any remaining annual leave will be processed and released to the inactive employee.
- VI. If an active employee resigns or service otherwise ends before collection of the amount of the indebtedness is completed, deduction shall be made from subsequent payments, e.g. last regular earnings or final terminal leave payout. If the debt is still not satisfied after applying subsequent payments, other options will be enforced.

ATTACHMENTS:

- I. [Example of Overpayment Letter](#)
- II. [Example of Overpayment Letter](#)
- III. [Repayment Agreement – Active Employee Form 882](#)
- IV. [Repayment Agreement – Inactive Employee Form 883](#)

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APPROVAL SECTION:

Chief Executive Officer

Date

Committee Chairperson

Date

RESCISSION SECTION:

Chief Executive Officer

Date

REVIEW SECTION:

Committee Chairperson

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Committee Chairperson

Date

Committee Chairperson

Date