

POLICY OF STATE OF DELAWARE DEPARTMENT OF CORRECTION	POLICY NUMBER 12.16	PAGE NUMBER 1 of 2
	RELATED ACA STANDARDS: NONE	
CHAPTER: 12 CENTRAL BUSINESS OFFICE	SUBJECT: COLLECTION OF SALARY OVERPAYMENT	
APPROVED BY THE COMMISSIONER AND EFFECTIVE THIS DATE:		
APPROVED FOR PUBLIC RELEASE		

I. AUTHORITY: 29 Del. C. §8903(4)(5)(7); State of Delaware Budget and Accounting Policy, Chapter 9, Section 9.4.1; Internal Revenue Service Publication 15 (Circular E); DOA-PCG-OVRPAY Wage Overpayment Policy; DOA-PCG-REPAY Payroll Repayment Procedure

II. PURPOSE: To establish a collection policy for salary overpayments made to Department of Correction (DOC) employees.

III. APPLICABILITY: All Department of Correction employees.

IV. DEFINITIONS: None

V. POLICY: The Central Business Office (CBO) shall develop and maintain a collection process to ensure employee salary overpayments are recovered through an appropriate and timely payment schedule.

VI. PROCEDURES: When the DOC Human Resources (HR) Office or timekeeper identifies an employee overpayment, they shall forward the information to the DOC Payroll section for recovery of State funds. Payroll will make three attempts (State email, regular U.S. Postal Service mail and certified mail) to notify the employee of the overpayment and initiate a mutually acceptable payment schedule.

Current Employee – Current and Prior Calendar Year Overpayments:

- A. The Payroll section will notify the employee of the overpayment and arrange a meeting to complete a *Notification of Wage Overpayment* form and explain the repayment process.
- B. The following repayment options are available for a mutual agreement between by the Department and employee. (The State is not required by law or regulation to obtain employee authorization for the recoupment of overpaid wages.)
 1. The Payroll section recovers an employee overpayment as an adjustment to subsequent paycheck(s) through the payroll system.
 2. Employees submit payment by personal check/money order made payable to the "State of Delaware". However, if the employee fails to submit payment as agreed, the Payroll office will collect repayment through a general deduction from the next paycheck.

POLICY OF STATE OF DELAWARE DEPARTMENT OF CORRECTION	POLICY NUMBER 12.16	PAGE NUMBER 2 of 2
SUBJECT: COLLECTION OF SALARY OVERPAYMENT		

- C. If a one-time payment poses a hardship to the employee, the Payroll section may consider a payment plan that is mutually agreeable. In this case, the term of repayment shall not exceed six months or, in the case of current year overpayments, the end of the calendar year.
 - 1. An agreed upon amount will be deducted from each paycheck over a period of time, not to exceed six months or the end of the calendar year.
 - 2. An agreed upon amount will be paid by check over a period of time not to exceed six months or the end of the calendar year. If a particular check payment is not received, the payment will be deducted from the employee's next paycheck.
- D. Once a payment plan is finalized, the employee must complete, sign and submit the *Notification of Wage Overpayment* form to the Payroll section.

Non-Responsive Current Employee:

Employees that do not respond to a notification of wage overpayment within 10 days will have unpaid balances collected to the fullest extent. One of the following the options will be utilized to recoup funds:

- A. Current calendar year overpayments may be recovered by reducing net earnings by no less than 15 percent on the next regular pay(s) until the overpayment is satisfied;
 - B. Prior calendar year overpayments may be recovered through an after-tax payroll deduction of no less than 15 percent until the overpayment is satisfied;
 - C. Unpaid balances may be collected from State of Delaware Tax Refunds; or
 - D. Inactive overpayments may be assigned to a collection agency or to the Attorney General's (AG) Office to file a claim in Small Claims court.
- A one (1) percent monthly interest will accrue on the outstanding balance of an inactive overpayment.

Terminated Employee – Prior/Current Year Overpayments:

The Payroll office will notify the former employee in writing of the amount due. If a one-time payment poses a hardship to the employee, the Department will consider a payment plan that is mutually agreeable. In each case, the term of repayment shall not exceed six months or, in the case of current year overpayments, the end of the calendar year.

- A. An agreed-upon amount will be paid by check over a period of time not to exceed six months or the end of the calendar year.
- B. Once a payment plan is finalized, the employee must complete, sign and submit the *Notification of Wage Overpayment* form to the Payroll section.
- C. If a particular check payment is not received, the Payroll section will send a notification letter (certified mail) to the employee's home requesting remittance of the overpayment in full.
 - 1. Former employees are given 30 days after receiving the notification to remit payment.
 - 2. Payments not received after 30 days are either assigned to the AG's Office to initiate legal process or to the Delaware Division of Revenue for collection from tax refunds.
- D. A retiring/terminating employee, eligible to receive payment of unused Annual and/or Sick Leave, may have up to their entire payout amount applied to the overpayment.