POLICY STATEMENT 47
EMPLOYEE DEBTS TO THE UNIVERSITY

POLICY DIGEST
Functional Classification: Finance
Monitoring Unit: Office of Finance and Administration
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I. PURPOSE

A. The purpose of this policy is to establish a consistent, legally compliant, and auditable framework for identifying, validating, communicating, recording, collecting, and resolving debts owed by employees to LSU New Orleans (the "University"). This policy is designed to protect public funds, promote fair and consistent treatment, comply with applicable federal and Louisiana law, and strengthen internal controls over payroll, accounts receivable, travel, property, and other employee-related transactions.

B. The Louisiana Code of Governmental Ethics and other applicable law require public resources to be administered for authorized public purposes. LSU New Orleans will not extend preferential credit or repayment terms to employees. Any repayment arrangement must be reasonable, documented, consistently administered, and approved under this policy; it must not constitute an unauthorized extension of public credit or confer an improper economic benefit.

C. It is the duty of University administrators, managers, and responsible offices to promptly report known or suspected employee debts, preserve relevant documentation, prevent avoidable losses, and cooperate with validation and collection procedures. No supervisor or department may independently promise, waive, compromise, or establish repayment terms for an employee debt unless expressly authorized in writing.

D. This policy applies to all University employees, including faculty, staff, student employees, temporary employees, retirees who remain employed, and employees separating from service. It does not supersede court orders, tax levies, garnishments, benefit-plan rules, collective bargaining obligations, or other requirements imposed by law.

II. DEFINITIONS

A. **Employee Debt:** A verified amount owed by a current or former employee to the University arising from an overpayment, benefit arrearage, travel or expense advance, property loss, duplicate or erroneous reimbursement, unreturned funds, or another legally enforceable obligation.

B. **Overpayment:** Compensation or another payment issued to or for an employee in excess of

the amount legally or contractually due, regardless of whether caused by administrative error, incorrect time or personnel data, delayed processing, system configuration, or employee action or inaction.

C. **Validated Debt**: Debt supported by sufficient records to establish the basis, amount, responsible party, relevant dates, and applicable credits or offsets, and reviewed by the office responsible for the underlying transaction and, when payroll-related, Payroll.

D. **Repayment Agreement:** A written agreement approved under this policy that states the amount owed, payment method, frequency, duration, consequences of default, and any payroll deduction authorization required by law or University procedure.

E. **Involuntary Payroll Deduction**: A deduction not initiated voluntarily by the employee and permitted only when authorized by applicable law, a valid court or agency order, a written employee authorization that satisfies legal requirements, or another lawful basis confirmed by the University.

III. GENERAL POLICY

A. Payroll deductions for employee debt repayment are prohibited unless expressly authorized by law, a valid court or administrative order, a lawful written authorization, or an approved University process consistent with this policy. All deductions must be validated, documented, approved, and administered in accordance with the Fair Labor Standards Act (FLSA), applicable Louisiana wage-payment requirements, the Consumer Credit Protection Act when applicable, tax rules, benefit-plan requirements, and University policy. Except for those limited payroll deductions that have been approved, employees must pay all other debts to the University using an accepted method of payment, such as credit card, debit card, cash, check, or other form approved by LSU New Orleans.

B. The University will monitor and manage employees' debts to the University to ensure debts are collected promptly and in a fiscally responsible manner. Collection efforts must be reasonable, consistently applied, adequately documented, and coordinated among the responsible business unit, Payroll, Human Resources, Finance, and Legal Counsel as appropriate.

C. No deduction may be processed if it would violate applicable minimum-wage, overtime, final-pay, garnishment, tax, benefit-plan, or other wage-protection requirements. Payroll will determine the permissible timing and amount of any payroll deduction after considering the employee's pay frequency, disposable earnings when applicable, other mandatory deductions, and the legal basis for recovery.

D. The University will not retaliate against an employee for making a good-faith inquiry, requesting documentation, or disputing the amount or basis of a claimed debt. A dispute does not eliminate a valid debt, but collection will be administered through the review process described below unless immediate action is required by law or necessary to prevent additional overpayment.

IV. RESPONSIBILITIES AND APPROVAL AUTHORITY

A. No non-routine employee-debt payroll deduction may be established or implemented without documented review by Payroll and Human Resources and approval by the Chief Financial Officer or designee. The Ethics Liaison, Legal Counsel, Internal Audit, and Chancellor will be consulted or asked to approve when the nature, amount, precedent, legal risk, or appearance of preferential treatment warrants additional review.

B. Approval decisions will consider the legal basis for the debt and deduction, the adequacy of supporting documentation, wage-and-hour limitations, tax consequences, consistency with prior cases, fiscal responsibility, employee due process, and the University's obligation to safeguard public funds.

C. The originating department is responsible for promptly identifying the potential debt, stopping any continuing error within its control, preserving records, and submitting complete documentation to the designated reviewing office. The originating department may not direct Payroll to collect an amount that has not been validated and approved.

D. Payroll is responsible for validating payroll calculations, identifying affected pay periods and tax years, determining payroll-system treatment, evaluating wage-and-hour constraints, processing approved deductions or adjustments, and maintaining payroll records and reconciliation support.

E. Human Resources is responsible for coordinating employee communication and employment-related due process, reviewing disciplinary implications, and confirming that supervisors do not make unauthorized repayment promises or take retaliatory action.

F. Finance or the designated receivables office is responsible for establishing and maintaining the receivable, receiving non-payroll payments, monitoring aging and default, reconciling balances, and referring unresolved accounts for further collection when authorized.

G. Employees are responsible for reviewing pay and reimbursement records, promptly reporting suspected errors, cooperating with validation, returning University property, and satisfying valid debts. An employee's failure to notice an error does not by itself eliminate a valid repayment obligation.

V. PERMITTED PAYROLL DEDUCTIONS

The following deductions may be processed when supported by the documentation and legal authority applicable to the deduction:

1. Standard deductions, adjustments, and arrears balances related to LSU New Orleans' employee benefits package, including:
    - Premiums for health, dental, vision, life, accidental death and dismemberment, long-term disability, and other University-sponsored insurance.
    - Retirement contributions required or permitted by law and plan terms.
    - Employee-authorized contributions, loan repayments, and other deductions under University-sponsored retirement, deferred compensation, credit union, flexible spending, health savings, or similar benefit programs.
2. Court-ordered garnishments, tax levies, child support orders, and federally administered wage garnishments, processed in accordance with the controlling order and applicable limits.
3. Recovery of validated overpayments or other employee debts, including salary or wage overpayments, benefit arrearages, duplicate or excessive reimbursements, unreconciled travel advances, personnel-action errors, payroll processing errors, missing petty cash, unreturned funds, or other documented obligations, but only through a payment method and process authorized under this policy and applicable law.
4. Voluntary charitable contributions authorized by the employee and administered through an approved University campaign or program.

5. Additional University parking permits and Recreation and Fitness Center membership dues when voluntarily elected and properly authorized.
6. The validated value of University property that an employee failed to return or damaged through conduct beyond ordinary wear and tear, only after responsibility and valuation have been documented and collection has been approved under this policy.
7. A past-due employee debt may be recovered through payroll only when all applicable prerequisites are satisfied, including:
    - The debt has been validated, documented, and recorded in the appropriate University system of record.
    - The employee has received written notice stating the basis and amount of the debt, the calculation or supporting records, available repayment methods, a contact for questions, and the deadline and process for disputing the debt.
    - Any required employee authorization has been obtained, or the University has documented another lawful basis for the deduction.
    - Payroll has confirmed that the deduction complies with the FLSA, applicable wage-payment and garnishment limits, tax requirements, and other controlling law.
    - The deduction amount and schedule are approved, entered by authorized personnel, independently reviewed, reconciled to the receivable, and retained in the audit file.
8. Any payroll deduction not expressly addressed in this policy requires advance written review by Payroll, Human Resources, and Legal Counsel and approval by the Chief Financial Officer or designee before implementation.

VI. PROHIBITED OR RESTRICTED PAYROLL DEDUCTIONS

A. The following debts ordinarily must be paid through the University's approved non-payroll payment channels and may not be deducted from wages unless a specific lawful exception is documented and approved under Section IV:

    1. University housing rent and related housing charges.
    2. Employee tuition, student fees, and other student-account balances.
    3. Parking citations, library fines, athletics tickets, meal plans, food purchases, and similar consumer or campus-service charges.
    4. Professional association dues, labor organization dues, or similar payments unless voluntarily authorized and otherwise lawful.

B. A department may not convert an otherwise prohibited deduction into a payroll deduction by obtaining informal consent, embedding the amount in another deduction code, or offsetting the amount without review. Payroll may reject or suspend any request that lacks adequate authority, documentation, or approval.

VII. NOTICE, VALIDATION, AND DISPUTE PROCESS

A. Before collection begins, the responsible office will prepare a written debt notice. The notice should identify the source of the debt, affected dates or transactions, gross and net amounts when relevant, applicable credits, proposed payment options, and the employee's right to request supporting documentation or dispute the amount or basis.

B. Employees should submit a written dispute within ten business days after notice, unless a different period is required by law or stated in the notice. The dispute should identify the contested facts and include available supporting documents. The University may extend the response period for good cause.

C. A person who did not perform the original calculation will review the dispute when practicable. Payroll will review payroll calculations; the originating department will address underlying time, personnel, travel, property, or expense facts; Human Resources will address employment-process concerns; and Legal Counsel may be consulted on disputed legal issues.

D. The University will provide a written determination or revised calculation. Collection may proceed after the determination, subject to applicable law. Corrective action to stop a continuing overpayment may occur immediately and is not delayed by the dispute process.

VIII. REPAYMENT ARRANGEMENTS AND COLLECTION

A. A validated debt is due according to the deadline stated in the notice. The University may approve a repayment agreement when immediate payment in full is not feasible and the arrangement is lawful, fiscally responsible, and does not create preferential treatment.

B. Repayment terms will be based on the amount owed, reason for the debt, employee pay frequency, remaining employment period, legal deduction limits, administrative cost, and risk of non-collection. Repayment schedules should be as short as reasonably practicable and may not extend beyond separation unless specifically approved.

C. The employee and an authorized University representative must sign the repayment agreement. When payroll deduction will be used, the agreement must include any authorization required by law and identify the deduction amount, start date, frequency, and conditions for modification or cancellation.

D. If an employee defaults, separates, revokes a voluntary authorization, or otherwise fails to comply, the University may accelerate the balance, use another lawful collection method, offset amounts otherwise payable when legally permitted, refer the account to a collection agency or legal process, and assess authorized costs or fees.

E. Only an official with delegated settlement authority may compromise, waive, or write off an employee debt. Any compromise or write-off must be supported by a documented business and legal rationale, approved under applicable fiscal policy, and recorded in the University's financial records.

IX. RESPONSIBLE PAYMENT AS A CONDITION OF EMPLOYMENT

A. Employees are expected to timely resolve valid University debts and comply with approved repayment obligations. Intentional misrepresentation, concealment, refusal to return University funds or property, failure to comply with a signed repayment agreement, or other misconduct may result in disciplinary action, up to and including termination, consistent with Human Resources policy, applicable contracts, and required due process. The existence of a good-faith dispute alone will not be treated as misconduct.

B. The University will administer employee debts consistently and without favoritism. Material deviations from standard collection practices require written justification and approval by the Chief Financial Officer or designee, with consultation from Legal Counsel or the Ethics Liaison when appropriate.

X. PROCEDURES UPON SEPARATION FROM EMPLOYMENT

A. Upon notice of an employee's separation, the employee, supervisor, Human Resources, Payroll, Finance, and other responsible offices must promptly identify and validate outstanding obligations and take reasonable steps to resolve them before the final payment is issued.

B. The employee and supervisor must comply with Human Resources procedures for separation and complete required clearance steps as early as practicable.

C. The University may recover a validated debt from final wages, leave payments, reimbursements, or other amounts otherwise payable only to the extent authorized by applicable law, contract, policy, and any required written authorization. Payroll and Legal Counsel will review non-routine final-pay offsets before processing.

D. Any remaining balance will be transferred to the designated receivables process and may be referred for collection or legal action in accordance with University policy and law.

E. The final-pay audit file must identify the debt, approvals, employee notice, legal basis for any offset, amount recovered, remaining receivable, and reconciliation between Payroll and Finance records.

XI. INTERNAL CONTROLS, RECONCILIATION, AND MONITORING

The University will maintain documented controls designed to prevent, detect, correct, and recover employee debts, including at minimum:

- Segregation of duties among initiation, calculation, approval, payroll entry, receivable posting, payment receipt, reconciliation, and write-off.
- Standard case files containing source documents, calculations, approvals, notices, authorizations, repayment agreements, system evidence, and collection history.
- At least monthly reconciliation of payroll deductions to receivable balances and payment activity, with timely investigation of discrepancies.
- Centralized aging reports that identify outstanding balances, status, responsible office, repayment terms, defaults, separations, and collection referrals.
- Independent review of manual calculations, non-routine deductions, final-pay offsets, compromises, write-offs, and material exceptions.
- Periodic trend analysis to identify recurring root causes, system issues, untimely personnel actions, approval failures, or departments with elevated overpayment risk.
- Corrective action plans for significant or repeated control deficiencies, including assignment of responsibility and target completion dates.
- Risk-based review by Internal Audit or another independent function when requested by executive management or warranted by the nature or volume of cases.

XII. RECORDS RETENTION, CONFIDENTIALITY, AND REPORTING

A. Records created under this policy must be retained in accordance with the University's approved records-retention schedule, litigation holds, audit requirements, tax-record requirements, and applicable law. The responsible office must ensure records remain accessible for the required period.

B. Debt records may contain payroll, tax, banking, benefit, disciplinary, or other confidential information. Access will be limited to personnel with a legitimate business need, and records will be transmitted and stored using approved secure methods.

C. Material employee-debt matters, suspected fraud, intentional misuse of funds, control overrides, or potential ethics violations must be escalated promptly to the appropriate executive, Legal Counsel, Internal Audit, Ethics Liaison, or other authority in accordance with University reporting requirements.

D. Management will receive periodic reports on significant balances, aging, defaults, recoveries, write-offs, unresolved disputes, and recurring causes. Reports should protect employee confidentiality while providing sufficient information for oversight and corrective action.

XIII. EXCEPTIONS, INTERPRETATION, AND RELATED AUTHORITY

A. Exceptions must be documented, legally supportable, narrowly tailored, and approved in writing by the Chief Financial Officer or designee after consultation with Payroll, Human Resources, and Legal Counsel as appropriate. No exception may authorize a deduction or collection practice prohibited by law.

B. The Chief Financial Officer, in consultation with Legal Counsel, Human Resources, Payroll, Finance, the Ethics Liaison, and Internal Audit as appropriate, is responsible for interpreting this policy and issuing procedures, forms, and delegations necessary for implementation.

C. This policy should be read together with applicable LSU System and LSU New Orleans policies governing payroll, wage payments, employee separation and clearance, travel and expense reimbursement, property accountability, records retention, ethics, fraud reporting, accounts receivable, and debt collection.

D. If this policy conflicts with controlling law, a court or agency order, an applicable contract, or a governing LSU System policy, the controlling authority will prevail and the matter will be referred to Legal Counsel for resolution.

XIV. Source

LSU New Orleans Office of Human Resources Separation Form