

## RESOLUTION OF SALARY OVERPAYMENTS AND UNDERPAYMENTS POLICY

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### **POLICY SUMMARY**

The Resolution of Salary Overpayments and Underpayments Policy sets out the framework for the Trust's approach to the management of overpayments and underpayments for all staff.

This policy should be read in conjunction with the Resolution of Salary Overpayments and Underpayments Procedure.

### **The Trust monitors the implementation of and compliance with this policy in the following ways;**

Monitoring of implementation and compliance with this policy and associated procedural guidelines will be undertaken by the compliance function and the Finance and Performance Committee as outlined in the associated procedural guidelines.

<b>Services</b>	<b>Applicable</b>	<b>Comments</b>
Trustwide	✓	

**The Director responsible for monitoring and reviewing this policy is the Executive Chief Finance & Resources Officer**

**ESSEX PARTNERSHIP UNIVERSITY NHS FOUNDATION TRUST**

**RESOLUTION OF SALARY OVERPAYMENTS AND UNDERPAYMENTS POLICY**

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## **RESOLUTION OF SALARY OVERPAYMENTS AND UNDERPAYMENTS POLICY**

### **Assurance Statement**

The purpose of this policy is to provide clear guidance for managers and staff for the resolution of all salary overpayments and underpayments that may occur from public funds. The organisation will, in all instances, recover all overpayments made to employees. Similarly, the organisation will take steps to correct any underpayments of salary to which an employee is entitled to.

In accordance with Section 14 of the Employment Rights Act (1996) and Health Circular (78)42 it is not illegal to make deductions from wages to recover an overpayment of salary, however the organisation will always aim to discuss and seek to agree all recovery methods in respect of overpayments.

### **1.0 INTRODUCTION**

- 1.1 This policy sets out the organisation's position in ensuring that action taken in relation to the overpayment and underpayment of salaries to an employee is dealt with in a fair and equitable manner.
- 1.2 Should the organisation consider an overpayment to have been brought about fraudulently, or in cases where the employee was aware of the overpayment but failed to report it, then the matter will be reported to the organisation's Local Counter Fraud Specialist, in accordance with the organisation's Policy for Fraud and Bribery CP11.

### **2.0 SCOPE**

- 2.1 This policy applies to all Trust workers who are paid through the organisation's payroll system.
- 2.2 Under ESR, adjustments to salary are automatically made upon receipt of an authorised change form. For the purpose of this policy an overpayment is only defined as having occurred when:
  - These changes would result in an individual member of staff receiving negative pay, and an overpayment is thus recorded within ESR;
  - A specific adjustment, made at the request of the employee and/or HR, is processed to defer the collection of monies owed to the organisation that would otherwise have been automatically adjusted via ESR;
  - An employee has left the organisation and an overpayment of salary is identified.

### **3.0 RESPONSIBILITIES**

- 3.1 All employees of the organisation are responsible for ensuring that they are aware of their obligations under their contractual terms of employment. On receipt of each payment staff should check the amount and report any anomalies to their Line Manager, Payroll and/or the Human Resources (HR) department.
- 3.2 Line Managers with Budget Holder responsibility are responsible for ensuring that positive returns, timesheets, Healthroster, e-expenses Change and Termination Forms are checked for accuracy prior to authorisation and submitted immediately to HR. They are also responsible for regularly reviewing their Budget Reports and that all anomalies are alerted to Payroll and the Finance department immediately. A member of the HR team should be contacted if it is felt appropriate to ensure processes are adhered to.
- 3.3 HR are responsible for ensuring that systems are in place to ensure that any overpayments and underpayments of salary and other related payments/allowances to staff, that are reported to them, are dealt with in a fair and equitable manner.
- 3.4 The organisation's Payroll services are responsible for ensuring that any overpayments or underpayments identified are communicated to the HR department, Finance department and the member of staff within a timely manner.
- 3.5 The Local Counter Fraud Specialist Team are responsible for ensuring that any matters reported to them are dealt with in a timely manner.
- 3.6 The Finance department is responsible for recording and obtaining authorisation for any losses incurred as a result of the write off of an overpayment in accordance with the organisation's Standing Financial Instructions and Standing Orders.

### **4.0 OVERPAYMENT OF SALARY**

- 4.1 All overpayments of salary will be recovered by the organisation as outlined in the associated **Resolution of Salary Overpayment and Underpayment Procedure HRPG 50**.
- 4.2 The organisation will make reasonable efforts to agree a fair repayment plan. Standard arrangements for recovering overpayments will apply as follows:
  - 4.2.1 No overpayment will be recovered over a longer period than that over which the initial overpayment itself occurred (e.g. if an overpayment occurred over a six month period it will not be recovered in more than six months).

4.2.2 In cases where the recovery of the overpayment using this methodology would cause significant financial hardship the employee may request consideration by the organisation of a longer repayment plan if they consider that they would suffer significant hardship as a consequence. The organisation will reasonably consider such requests. However, where agreement cannot be reached the organisation reserves the right to deduct what it considers in the circumstances to be a fair and reasonable amount from their monthly pay as appropriate.

4.3 It will be the organisation's intention to support, where possible, minimal financial hardship to staff in the recovery of overpayments.

Any repayment plan will not exceed the rate at which the worker will be in receipt of salary which is below that of the National Minimum Wage.

4.4 Where an individual leaves the employment of the organisation and is repaying an overpayment the balance of the overpayment will be deducted from the final salary payment due. For any balance remaining a repayment method will be agreed in line with the principles outlined in this policy.

4.5 Where an employee has left the organisation and an overpayment is subsequently identified, the Finance Department will contact the individual and agree a repayment method in line with the principles outlined in this policy.

## **5.0 UNDERPAYMENT OF SALARY**

5.1 The organisation endeavours to ensure that all appropriate contracted salary payments and / or allowances are made to staff regularly under the organisation's normal pay arrangements. Should a member of staff incur a shortfall in their salary the organisation will rectify the matter in the next available salary payment.

5.2 If a member of staff considers that they will suffer significant hardship until the underpayment is rectified in the following month, then the organisation will consider arranging an interim (advanced) payment. This will need to be considered on each individual case.

5.3 Interim payments will not be paid where an employee's underpayment is in relation to the late submission of their timesheet/positive return or expenses claim form to their line manager after the scheduled payroll deadline. An employee will continue to receive their basic salary.

## **6.0 WILFUL MISREPRESENTATION**

- 6.1 If an overpayment of salary has been made because an employee willfully misrepresented facts or relevant data, or in cases where the employee did not notify the organisation when they became aware of the overpayment then the matter will be referred to the organisation's Local Counter Fraud Specialist.

The matter may also be dealt with in accordance with the organisation's Disciplinary (Conduct) Policy HR27a.

- 6.2 In these cases the organisation will require the full amount to be repaid immediately and no repayment over a longer period will be agreed with the employee.

## **7.0 MONITORING**

- 7.1 The Finance Department will be responsible for monitoring all overpayments occurring within the organisation.
- 7.2 A quarterly report on overpayments will be sent to the Executive Director of Corporate Governance and Strategy / Executive Chief Finance and Resources Officer and relevant Deputy Directors of Finance and Human Resources.

## **8.0 LOSSES ARISING FROM OVERPAYMENT**

- 8.1 Where the Associate Director of Finance considers an overpayment is irrecoverable or unlikely to be recovered (including cases where former employees fail to make scheduled repayments under a repayment plan) or in exceptional cases where HR consider that specific circumstances of an individual supports the write-off of some or all of the overpayment, then the overpayment will be considered a loss due to overpayment and Losses and Special Payments Procedure followed.
- 8.2 Under the organisation's Detailed Scheme of Delegation such losses up to the value of £100,000 require the approval of the Executive Director of Corporate Governance and Strategy and the Chief Executive. In addition all losses arising from the overpayment of salaries will be reported to the Audit Committee as part of the organisation's reporting of Losses and Compensation payments.

**9.0 REFERENCE TO TRUST POLICIES**

9.1 This policy should be read in conjunction with other policies, guidance and documents in place that may be relevant. These include:

- HRP50: Resolution of Salary Overpayment and Underpayment Procedure
- HRP27a: Disciplinary (Conduct) Procedure
- CP11: Policy for Fraud and Bribery
- FP09-01: Losses and Special Payments Procedures
- FP10: Standing Financial Instructions Policy
- HR24: Leave Policy
- HR52: Travel and Business Costs Policy
- Section 14 of the Employment Rights Act (1996) and Health Circular (78) 42

**END**