

## RESOLUTION OF SALARY OVERPAYMENTS AND UNDERPAYMENTS PROCEDURE

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<b>AUTHOR:</b>	HR Business Partner
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<b>PROCEDURE SUMMARY</b>	
<p>The Resolution of Salary Overpayments and Underpayments Procedure sets out the framework for the Trust's approach to the management of overpayments and underpayments for all staff. This procedure should be read in conjunction with the Resolution of Salary Overpayments and Underpayments Policy.</p>	
<b>The Trust monitors the implementation of and compliance with this procedure in the following ways:</b>	
<p>Monitoring of implementation and compliance with this procedure and associated policy will be undertaken by the compliance function and the Finance and Performance Committee as outlined in the associated procedural guidelines.</p>	

Services	Applicable	Comments
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 PROCEDURE**

**CONTENTS**

THIS IS AN INTERACTIVE CONTENTS PAGE, BY CLICKING ON THE TITLES BELOW YOU WILL BE  
TAKEN TO THE SECTION THAT YOU WANT.

**1.0 INTRODUCTION**

**2.0 SCOPE**

**3.0 PROCEDURE FOR SALARY OVERPAYMENTS/UNDERPAYMENTS**

**4.0 PROCEDURE FOR APPROVAL OF NON-STANDARD RECOVERY  
TIMETABLES AND WRITE-OFF OF OVERPAYMENTS**

**5.0 PROCEDURE IF INDIVIDUAL DISSATISFIED**

**APPENDICES**

**APPENDIX 1 - TEMPLATE LETTER – REPAYMENT AGREEMENT**

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**RESOLUTION OF SALARY OVERPAYMENTS AND UNDERPAYMENTS  
PROCEDURE**

**1.0 INTRODUCTION**

1.1 This procedure supports the Policy on the Resolution of Salary Overpayments and Underpayments (HR50) and should be used as a tool to ensure all matters are dealt with consistently and fairly.

**2.0 SCOPE**

2.1 This procedure applies to all workers who are paid through the organisation's payroll systems.

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 worker 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 PROCEDURE FOR SALARY OVERPAYMENTS / UNDERPAYMENTS**

**3.1 Line Managers should:**

3.1.1 Check their monthly budget report and ensure all staff are being paid correctly in terms of banding, hours etc. Any discrepancies identified should be recorded on the report and returned to the Finance department for their information. A Staff Change Form will also be submitted to correct any discrepancy arising and a copy provided to the worker.

3.1.2 Ensure that positive returns, timesheets, Healthroster, E-Expenses Change and Termination Forms are checked for accuracy prior to authorising for payment / processing and ensure that these are sent to the Human Resources (HR) department in time for processing in line with the organisation's payroll deadlines. Failure to do so may result in an overpayment / underpayment of staff's salary.

Change and Termination Forms should be completed within 10 working days of the change being confirmed or taking effect and by no later than the next payroll closure deadline.

- 3.1.3 Inform their Human Resources (HR) representative of any discrepancies identified on their monthly budget reports and a Change / Termination Form completed as necessary to rectify the overpayment / underpayment immediately.
- 3.1.4 Inform the employee of the overpayment / underpayment and assure them that this will cease immediately to ensure no further discrepancies. If necessary, with the support of HR, discuss and agree with the employee a recovery / repayment method to the organisation. The agreement should then be confirmed to the employee in writing, template letter can be found at Appendix 1. In cases where the member of staff has been underpaid, the monies owing to them will be paid to them in the next available pay run and an explanation provided to them how this happened.

### **3.2 Human Resources Department will:**

- 3.2.1 Inform the Payroll Department, if necessary, and / or Line Manager as soon as they are informed that a member of staff has been overpaid / underpaid.
- 3.2.2 Check all Change / Termination Forms that come in to the department which alter a member of staff's salary and ensure, where possible, that they are accurate and in accordance with the organisation's Terms and Conditions of Employment. They will then ensure that these are submitted to payroll promptly.
- 3.2.3 Inform the Payroll Department of any late Change / Termination Forms that the department receives that will result in an overpayment / underpayment of salary for the employee concerned. If the Payroll Department advise that they are unable to process paperwork in the appropriate month a member of the HR team will inform the member of staff and advise them that the overpayment / underpayment will automatically be rectified in the following month's pay.
- 3.2.4 Ensure that Line Managers carry out all salary recovery / repayment plans in accordance with the organisation's Resolution of Salary Overpayments and Underpayments Policy and this procedure, including providing support to the Line Manager to confirm in writing with individual's the planned agreed recovery period for overpayments.

### **3.3 The Payroll Department will:**

#### 3.3.1 Inform the HR department of cases where:

- an adjustment to salary has been processed that would have resulted in a negative pay situation and an overpayment has thus been recognised;
- provide monthly information to HR on all adjustments being processed that month that may give rise to an overpayment / underpayment situation.

3.3.2 Ensure when an employee leaves the employment of the organisation that any outstanding debts are recovered in their final salary, this is in accordance with the organisation's Terms and Conditions of Employment. Should the final salary not be sufficient to cover the outstanding balance Payroll are responsible for writing to the employee clarifying how the overpayment occurred and the amount involved. This letter should be copied to the Finance Department.

### **3.4 The Employee is responsible for:**

3.4.1 Ensuring that they check each payslip they receive from the organisation is correct. Should an employee be unclear of the amount they have received and if they believe they may have been overpaid / underpaid they should inform Payroll, in the first instance, and if it is not resolved they should contact a member of the HR team and / or their Line Manager.

3.4.2 Ensuring that they inform their Line Manager of any change to their address as the last known address held for them on the Electronic Staff Records will be used when issuing formal notification of overpayment / underpayment.

3.4.3 Contact their Line Manager, or another senior manager, and a member of the HR team, if necessary, if they believe the repayment plan will cause significant financial hardship.

3.4.4 Not assuming that they have received a substantial increase in pay unless there is some reason to believe that this is the case. In circumstances where the employee has failed to declare an overpayment, this could be construed as Fraud. In such circumstances the matter will be referred to the organisation's Local Counter Fraud Specialists, who will deal with the case under the organisation's Policy on Counter Fraud (CP11). Also, failure to disclose an overpayment may result in disciplinary action being taken against the employee in accordance with the organisation's Disciplinary (Conduct) Policy (HR27a).

### **3.5 The Finance Department will:**

- 3.5.1 Ensure that line managers receive their budget reports in a timely manner so that they can check them for accuracy.
- 3.5.2 Write to ex-employees of the organisation to recover any monies outstanding.

<h2><b>4.0 PROCEDURE FOR APPROVAL OF NON-STANDARD RECOVERY TIMETABLES AND WRITE-OFF OF OVERPAYMENTS</b></h2>
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- 4.1 The organisation's policy in respect of the recovery of repayments requires these to be recovered over a period no longer than the period in which the over-payment itself was made. Where this repayment schedule would cause significant financial hardship the employee may make a request for a longer repayment plan.
  - 4.1.1 The Employee is responsible for contacting their Line Manager to request consideration of a longer repayment period and for providing the necessary information to support their application.
  - 4.1.2 The Line Manager, with the support of the HR Department is responsible for considering the request, taking into account the following:
    - The extent to which the individual could reasonably have identified the overpayment sooner and taken appropriate action;
    - The financial, and other relevant circumstances of the individual; and
    - That the 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.
  - 4.1.3 The Executive Chief Finance and Resources Officer or their nominated representatives: the Deputy Chief Finance Officer, Head of Financial Accounting and Deputy Head of Financial Accounting are responsible for approving requests for longer repayment periods than the standard.
- 4.2 In circumstances where it is considered that the specific circumstances of an individual case supports the write-off of some or all of an overpayment, then the overpayment will be considered to be a Loss and dealt with in line with Financial Procedure FP09-01. This requires completion by the Line Manager in conjunction with the relevant HR support of a Losses Checklist (Appendix B to FP09-01) and submission of this to the Deputy Head of Financial Accounting who will seek the necessary approvals in line with the Trust's Detailed Scheme of Delegation from the Executive Chief Finance and Resources Officer and

## HRPG50 – Resolution of Salary Overpayments & Underpayments Procedure

Chief Executive Officer. No offers, either verbally or written, to write-off any repayment of salaries, should be made without this authority having been obtained.

### **5.0 PROCEDURE IF INDIVIDUAL DISSATISFIED**

- 5.1 Should an individual not agree with the amount of the overpayment / underpayment and this has not been resolved through this process then the matter should be raised under the organisation's Dignity, Respect & Grievance Policy (HR2) and Grievance Procedure (HRPR2a).

**END**