



OVER/UNDER PAYMENTS POLICY

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Directorate	Corporate
Policy Owner	Director of People & Organisational Development
Policy Author	Senior HR Manager Human Resources
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'During the COVID19 crisis, please read the policies in conjunction with any updates provided by National Guidance, which we are actively seeking to incorporate into policies through the Clinical Ethics Advisory Group and where necessary other relevant Oversight Groups'

DOCUMENT HISTORY

(Procedural document version numbering convention will follow the following format. Whole numbers for approved versions, e.g. 1.0, 2.0, 3.0 etc. With decimals being used to represent the current working draft version, e.g. 1.1, 1.2, 1.3, 1.4 etc. For example, when writing a procedural document for the first time – the initial draft will be version 0.1)

Date of Issue	Version No.	Date Approved	Director Responsible for Change	Nature of Change	Ratification / Approval
1.11.12	0.1		Executive Director of Finance and Human Resources	New Policy	
27.11.12	0.2		Executive Director of Finance and Human Resources	Comments to include underpayments	Partnership Forum
22.1.13	0.3		Executive Director of Finance and Human Resources	Comments from DOF – inclusion of 'Managing Public Money' document	DOF
30.4.13	0.4		Executive Director of Finance and Human Resources	comments – reorder introduction, reference to monitoring and compliance	Policy Review Group
31.5.13	0.5	17.6.13	Executive Director of Finance and Human Resources	Minor amendments rectified, ready for submission to Executive board	Executive Board
31.3.16	1.1		Executive Director of Finance and Human Resources	Policy template changes	
03.4.16	1.2		Executive Director of Finance and Human Resources	For ratification	Partnership Forum and Joint Local Negotiating Committee
10.5.16	2.0	10 May 16	Executive Director of Finance and Human Resources	Approved at	Policy Management Group
01.10.2016	2.1		Executive Director of Finance and Human Resources	Policy amendments Following internal audit and feedback from Staff side and the Counter Fraud Specialist	
13.12.2016	3.0	13 Dec 16	Executive Director of Finance and Human Resources	Approved at	Corporate Governance and Risk Sub-Committee
10.06.19	3.1		Director of Human Resources and Organisational Development	New paragraph 7.1.4.3 has been added to reflect the recommendations following an internal audit. Amendment approved on voting buttons to members	Policy Management Sub-Committee
26.03.20	3.1		Director of Human Resources and Organisational Development	Extension to review date until 12/07/2020 approved via Chairs Action	Policy Management Sub-Committee
28.10.20	3.1		Director of HROD	Extension to review date until 31/12/2020 approved by	Deputy Director of Human Resources
29.01.21	3.1	13 Dec 16	Director of People & Organisational Development	12 month blanket policy extension due to covid 19 applied with author review date set 180 days prior to Valid to Date.	Quality & Performance Committee
19.05.21	3.1	13 Dec 16	Director of People & Organisational Development	Extended policy uploaded and linked back with new cover sheet	Corporate Governance

NB This policy relates to the Isle of Wight NHS Trust hereafter referred to as the Trust

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1 Executive Summary

The Trust acknowledges that it has a responsibility to set out the action that will be taken by the Trust in dealing with under/over payments to employees or members of bank staff and to ensure that there is a consistent approach to overpayments.

The policy set out the processes for managing under and over payments, and the roles and responsibilities of those involved in these processes, as well as the consequences of system failures.

2 Introduction

2.1. The Trust is required to ensure that employees are paid correctly at all times. If an overpayment of salary or any other overpayment of public funds to an employee or member of bank staff occurs for any reason, the Trust will take all reasonable steps to recover the overpayment from the employee.

Once identified, any overpayment will be analysed and action taken to minimise or prevent any future occurrence.

The Trust will recover the overpayment from the employee in accordance with the HM Treasury document, 'Managing Public Money' (Details can be found on the web link: http://www.hm-treasury.gov.uk/d/mpm_annex4.11pdf) and also the Employment Rights Act 1996, that can be found at (<http://www.legislation.gov.uk/ukpga/1996/18>).

2.2. If an overpayment is considered to have been received fraudulently, (e.g. knowingly and without bringing it to the Trust's attention), the matter will be reported to the Trust's Local Counter Fraud Specialist for investigation.

The law protects employees where they suffer an unauthorised deduction to their salary. (Details can be found at <http://www.acas.org.uk/index.aspx?articleid=5313>). However, where an employer seeks to recover an overpayment of wages or salary by making a deduction from an employee's pay this does not amount to an unauthorised deduction.

The Trust will make every effort to seek agreement with the employee to repay any overpayment. It must be noted however, that the Employment Act 1996 allows an employer to made deductions from wages without prior authorisation in respect of:

- 2.2.1. An over payment of wages
- 2.2.2. An overpayment in respect of expenses incurred by the worker in carrying out their employment
- 2.2.3. Other types of deductions that do not require employee authorisation include, taking strike or other industrial action, as a result of disciplinary proceedings, relevant contract deductions such as tax and national insurance.

2.3. Where the employee concerned can expressly demonstrate that such a deduction will cause tangible hardship, the Trust will carefully consider whether it is appropriate to make the deduction and in any event will seek to reach agreement with the employee regarding a repayment plan, as set out in more detail below. Copies of bank statements/other appropriate financial details must be provided to the Trust by any

employee who wishes to rely on financial hardship. However, employees should be aware that the Trust has the right to recover an overpayment of wages/salary and must take steps to do so as it is funded by public money.

3 Definitions

- 3.1. For the purposes of this policy, the term “**overpayment**” refers to any overpayment of wages or expenses or any overpayment in respect of a financial benefit (whether contractual or otherwise) to an employee or member of bank staff.
- 3.2. For the purposes of this policy, the term “**underpayment**” refers to any underpayment of wages or expenses or any underpayment in respect of a financial benefit (whether contractual or otherwise) to an employee or member of bank staff.
- 3.3. For the purpose of this policy, the term “**Payroll Provider**” refers to the organisation/company who the Trust contracts with to provide a payroll service

4 Scope

This policy applies to all employees of the Trust or its successor body and any worker engaged through the staff bank.

Ensure a transparent, fair and consistent approach is followed if an underpayment is identified and paid in a timely manner.

5 Purpose

The purpose of the policy is to ensure that, through robust processes and procedures overpayments will be recovered appropriately and any underpayments resolved as soon as identified.

6 Roles and Responsibilities

- 6.1. It is the responsibility of the **Payroll Provider** to:
 - Ensure that information is entered into Electronic Staff Record (ESR) in an accurate and timely manner;
 - Ensure that any overpayment errors are resolved in a timely manner;
 - Ensure that any overpayments are identified and the employee is advised in a timely manner as set out in section 7 of this Policy;
 - Implement repayment plans for overpayments as set out in section 7 of this Policy and ensure that correct details and end dates for such plans are input into the payroll systems;
 - Maintain a monthly Overpayment and Debt spreadsheet and provide this to the Trust on a monthly basis; and
 - Investigate and respond in a timely manner to any queries raised by employees or managers regarding the calculation of overpayments or repayment plans (Flow Chart, Appendix A)
 - Ensure that any underpayment errors are resolved in a timely manner as set out in section 7 of this Policy (Source – Payroll Provider’s Overpayment Policy)

- 6.2. It is the responsibility of the **Human Resources (HR) Department** to:
- Ensure that information is input into ESR in an accurate and timely manner within the agreed and published timetable;
 - Liaise with and assist the Payroll Provider to investigate overpayment issues where appropriate; and
 - Liaise with the Payroll Provider with regards to consultations on repayment plans in cases involving repayments worth more than the employee's normal monthly salary (or in cases where the employee does not have a normal monthly salary, more than £1,500), and on occasions where there are associated employee relations issues.
 - HR to email line manager asking them to identify reasons for underpayment e.g. data inputting error, manager has not completed HR contract documentation, employee has not recorded claims correctly on Health Roster/E-Expenses and explain what action they are going to take to ensure there isn't a recurrence of this event. Line managers will make recommendations to enable the employee to be paid as soon as possible.
 - To liaise with Payroll Provider to ensure that any underpayment monies due to a member of staff is paid to them in a timely manner. Normally any underpayment that leaves a member of staff with less than 75% of their basic salary a Clearing House Automated Payment (CHSP's) payment would be raised.
 - Report to the Finance, Investment, Information and Workforce Committee (FIWIC) trends in under and over payments including persistent offenders.

In cases involving employee relations issues, HR may wish to make representations to Finance Department for advice with regards to the recovery period (in exceptional circumstances). HR may request the temporary suspension of recovery action in exceptional circumstances pending enquiries with Counter Fraud.

- Ensure the Trust and relevant line managers are briefed on the overpayment process;
- Communicate payroll cut off dates; and
- Inform the overpayments team of any updates to the re-payment status of leavers for Her Majesty's Revenue and Customs (HMRC) reporting.

6.3. **Line Managers** must ensure that:

- They and their teams fully understand the contents of this policy
- Notifications of changes/amendments to employees' contracts of employment are submitted to the HR department via a change form in a timely manner, with appropriate authorisation.
- Ensure E-Termination forms are completed in a timely manner prior to the employee leaving the Trust;
- To be responsible for ensuring Health Roster is kept up-to-date and accurate with hours worked, especially on a bank or public holiday. For guidance see <http://intranet.iow.nhs.uk/e-Rostering>
- To be responsible for ensuring that Health Roster is locked down within agreed timescales see <http://intranet.iow.nhs.uk/e-Rostering>
- Any amendments to salary are confirmed to the employee in writing; and
- Issues related to fraudulent claims are escalated to the Local Counter Fraud Specialist.
- Take responsibility for learning any lesson that arise from own practices and procedures that result in an overpayment or underpayment of a team member.

- For repayment plans greater than 9 months line managers will be expected to meet with the employee to review repayment plan.
- Check with their cost centre(s) in post reports with their Finance Manager

6.4. **Employees** are responsible for:

- Ensuring that they understand their salary entitlement and if not, seeking further guidance from their line manager in the first instance, who may liaise with the Human Resources Department;
Follow this link to the Workforce Information section of the intranet for a Pay Slip explanation document <http://intranet.iow.nhs.uk/Home/Corporate-Support/Human-Resources-Development/Workforce-Information-E-Rostering#>
- Reading and understanding their payslip each payday and highlight to their line manager if they do not understand their payslip;
- Contact the Payroll Provider helpdesk if there are apparent anomalies within their payslip; and
- Making a note of the Call Log reference number
- Notify their line manager or the Workforce Information Team in Human Resources immediately or the next working day, if they believe they have been overpaid.

Where an employee knowingly does not declare an overpayment, this may be considered as fraud, i.e. a member of staff knows they have received payment they were not entitled to, may result in a Counter Fraud Investigation and/or Disciplinary action.

6.5. **Counter Fraud Service**

If an overpayment is considered to have been intentionally kept or where fraud is suspected or is a possibility then the matter will be reported to the Trust's Local Counter Fraud Specialist for criminal investigation.

The Local Counter Fraud Specialist will investigate all cases of suspected fraud or theft.

7 **Overpayment Recovery Procedure**

7.1. **Current Employees**

7.1.1. Once an overpayment has been identified, the payroll provider will investigate the reason for and nature of this overpayment and will take all reasonable steps to ensure that the overpayment does not re-occur. This may include liaising with the line manager and HR to investigate the overpayment and/or to ensure that adequate controls are in place.

7.1.2. If the overpayment is made in the current or previous month and the total overpayment does not exceed 50% of the employee's normal gross monthly salary:

7.1.2.1. The Payroll Provider will make a salary adjustment; this will be made the following month to account for the overpayment. For example, if you are due to have a reduced salary through sickness absence, but the sickness record was not updated in a timely manner, and the value does not exceed 50% of your salary, the adjustment will be made the following pay period.

7.1.3. If the overpayment is made over more than one month before the current month, or the total overpayment exceeds 50% of the employee's normal gross monthly salary:

7.1.3.1. A letter will be sent by the Payroll Provider to the employee with a breakdown of the overpayment, and the details of a repayment plan, as soon as possible following identification.

7.1.3.2. The repayment plan will recover funds as quickly as possible. The repayment period will be no longer than the period over which the overpayment occurred.

7.1.4. If the overpayment exceeds the employee's normal monthly salary (or in cases where the employee does not have a normal monthly salary, more than £1,500):

7.1.4.1. A letter will be sent by the Payroll Provider to the employee with a breakdown of the amount of the overpayment, and details of a proposed repayment plan for consultation, as soon as possible following identification.

Department of Health guidelines will be taken into account and the employee will be entitled to make representations as to their personal circumstances and any undue hardship that the repayment plan would cause (supported by evidence) and the Trust will consider these.

7.1.4.2. If a repayment plan cannot be agreed with reasonable consultation, the HR Department will contact the employees Line Manager, together and in consultation with the employee they will make the final decision as to the details of a repayment plan will rest with the Trust.

7.1.4.3. If agreement cannot be reached or if the recovery plan does not comply with this policy, the justification must be presented by the employees line manager to their Executive Director, who will either approve or reject the agreed repayment plan. In situations where the Executive Director rejects the repayment plan, they must justify their decision and offer an alternative solution.

7.1.5. Where a significant overpayment is repeated over more than one month and there is a reason to believe that the employee is aware of this but has not advised their line-manager, the Payroll Provider, or the HR Department the Local Counter Fraud Specialist may be notified and they may decide to conduct an investigation. Disciplinary action may be considered by the Trust.

Examples of a significant overpayment:-

- Was not notified by the employee and
- Has occurred over a period of at least 2 months and
- Exceeds £2000

The monthly overpayment rate is equivalent to at least 10% of the employee's net monthly pay (not applicable for expense overpayments)

7.1.6. The recovery of any overpayment(s) will be made gross (prior to any deductions) and against the same cost centre as it was paid against.

7.2. Leavers, ex-employees and bank staff who are not regularly engaged

- 7.2.1. Where an overpayment has occurred, and an employee terminates employment before the completion of any repayment plan, the balance will be recovered in full from the employee's final pay or any subsequent payments made to them after leaving the Trust.

Any decision to write off overpayments will be referred to the Finance Department and authorised in accordance with the limits detailed in Trust Standing Financial Instructions. In cases that have been referred to the Local Counter Fraud Specialist any decision to write off overpayment(s) will be suspended pending the outcome of the investigation.

- 7.2.2. Where an overpayment to an ex-employee remain unrecovered or an overpayment is made to a member of bank staff who is not regularly engaged by the Trust, an invoice will be raised and sent to the ex-employee/bank worker together with appropriate information identifying the basis of the overpayment.

A letter detailing the reason for the overpayment, a breakdown by month and element, and copy payslips for the period of the overpayment will be sent with an invoice request form to the Finance Department. Finance will raise an invoice via the SBS system and recovery will be pursued in accordance with the Trust's debt management SLA with Payroll Provider.

- 7.2.3. A letter detailing the reason for the overpayment, a breakdown by month and element, and copy payslips for the period of the overpayment will be sent with an invoice request form to the Trust's Debt Recovery Team.
- 7.2.4. In situations where employees have recently left the Trust they may be allowed to repay by standing order or a one off payment may be made to the Trust.
- 7.2.5. If the recovery has taken place within the same financial year, ESR will then be adjusted to reflect the new cumulative figures.

7.3. Underpayment Repayment Procedure

- 7.3.1. If an employee has received 100% of basic pay then the underpayment will generally be corrected in the following month's payment. For example, if you receive all of your basic pay, however, if any additional hours such as overtime/excess hours, enhancements etc. have been submitted after the stated deadline, the addition hours underpaid will be made in the following month.
- 7.3.2. Where the employee will suffer hardship as a consequence of the underpayment an electronic payment will be made.
- 7.3.3. The Payroll Help Desk is the initial point of contact for all payroll enquiries – contact details are; by web form: www.sbs.nhs.uk/esd (quoting employee number) or by phone on 0303 123 1144

8 Consultation

The following groups/forums have been given an opportunity to provide feedback on this revised policy:

- Joint Local Negotiating Committee
- Staff Partnership Forum
- Payroll Provider
- Finance Department
- Counter Fraud Specialist

9 Training

This Over/underpayments Policy does not have a mandatory training requirement or any other training needs.

10 Monitoring Compliance and Effectiveness

- 10.1. A report is provided on a monthly basis of under- and over-payments and the repayments are reported through the HR report to the Board. This report is reviewed as part of the Finance, Information, Investment and Workforce Committee.
- 10.2. Reports are provided quarterly to the Audit Committee.
- 10.3. Under and overpayments are reviewed monthly between HR and SBS Payroll at their monthly Operational Performance Reviews and Quarterly Client Review meetings.

11 Links to other Organisational Documents

- Counter Fraud and Corruption Policy
- Disciplinary and Dismissal Policy and Procedure
- Transport Policy

12 References

HM Treasury, Managing Public Money

<https://www.gov.uk/government/publications/managing-public-money>

Employment Rights Act 1996, <http://www.legislation.gov.uk/ukpga/1996/18>

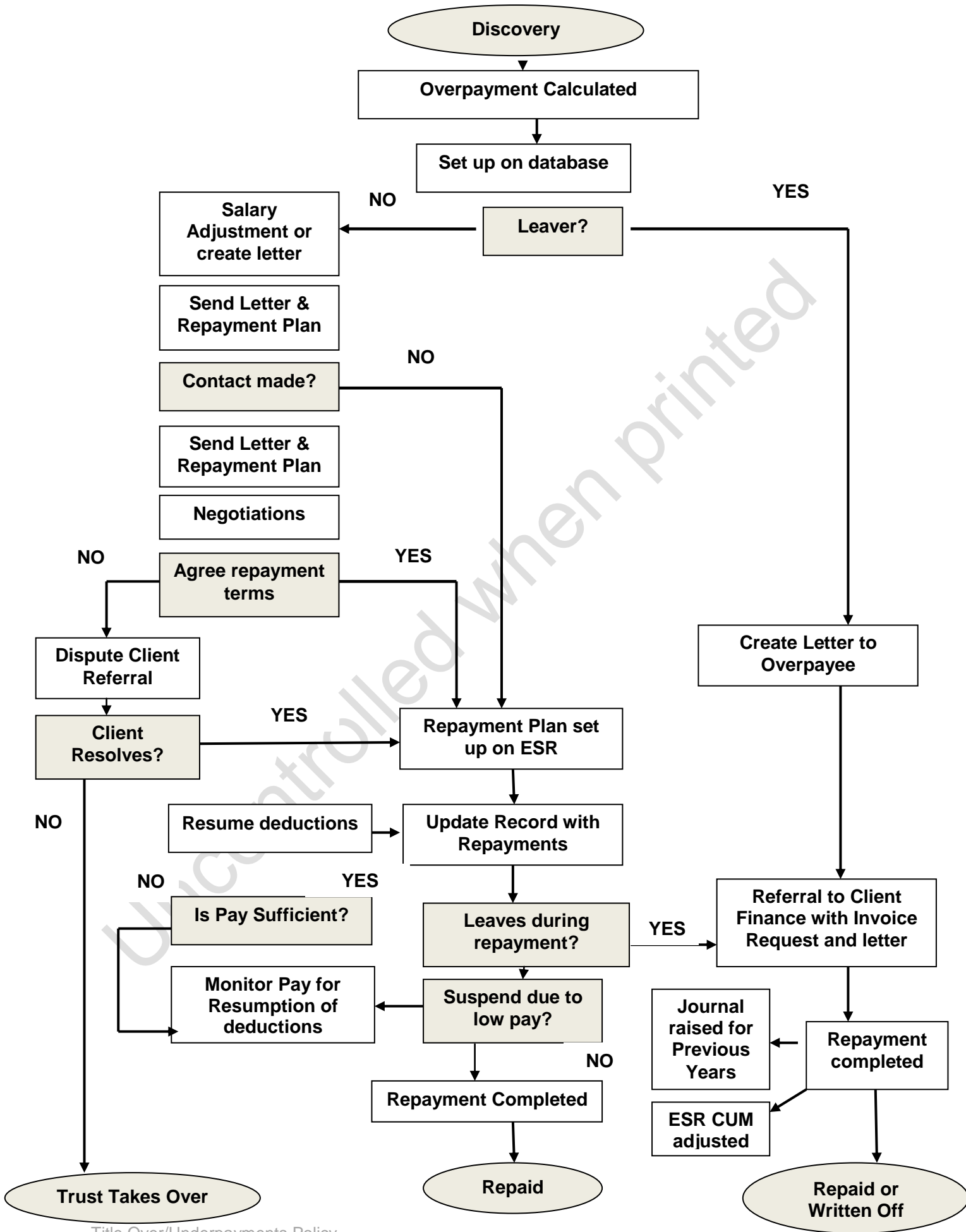
Acas, Pay Deductions, <http://www.acas.org.uk/index.aspx>

13 Appendices

Appendix A Over Payments Process Chart

Appendix B Financial and Resourcing Impact Assessment on Policy Implementation

Appendix C Equality Impact Assessment (EIA) Screening Tool



Financial and Resourcing Impact Assessment on Policy Implementation

NB this form must be completed where the introduction of this policy will have either a positive or negative impact on resources. Therefore this form should not be completed where the resources are already deployed and the introduction of this policy will have no further resourcing impact.

Document title	Over and Underpayments Policy
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Totals	WTE	Recurring £	Non Recurring £
Manpower Costs	0	0	0
Training Staff	0	0	0
Equipment & Provision of resources	0	0	0

Summary of Impact: this policy aims to maximise the opportunity to recover overpayments and address underpayments made to its employees in a timely manner.

Risk Management Issues: failure to

Benefits / Savings to the organisation:

Equality Impact Assessment

- Has this been appropriately carried out? YES/
- Are there any reported equality issues? NO

If "YES" please specify:

Use additional sheets if necessary.

Please include all associated costs where an impact on implementing this policy has been considered. A checklist is included for guidance but is not comprehensive so please ensure you have thought through the impact on staffing, training and equipment carefully and that ALL aspects are covered.

Manpower	WTE	Recurring £	Non-Recurring £
Operational running costs	0	0	0
Totals:	0	0	0

Staff Training Impact	Recurring £	Non-Recurring £
	0	0
Totals:	0	0

Equipment and Provision of Resources	Recurring £ *	Non-Recurring £ *
Accommodation / facilities needed	0	0
Building alterations (extensions/new)	0	0
IT Hardware / software / licences	0	0
Medical equipment	0	0
Stationery / publicity	0	0
Travel costs	0	0
Utilities e.g. telephones	0	0
Process change	0	0
Rolling replacement of equipment	0	0
Equipment maintenance	0	0
Marketing – booklets/posters/handouts, etc	0	0
Totals:	0	0

- Capital implications £5,000 with life expectancy of more than one year.

Funding /costs checked & agreed by finance:	0
Signature & date of financial accountant:	0
Funding / costs have been agreed and are in place:	0
Signature of appropriate Executive or Associate Director:	0



Equality Impact Assessment (EIA) Screening Tool

Document Title:	Over/Underpayments Policy
Purpose of document	To describe the Trust's policy and procedure for managing Over and Underpayments made to its employees
Target Audience	Employees, Payroll provider, Finance and Counter Fraud Specialists
Person or Committee undertaken the Equality Impact Assessment	Elizabeth Nials – Senior HR Manager

1. To be completed and attached to all procedural/policy documents created within individual services.
2. Does the document have, or have the potential to deliver differential outcomes or affect in an adverse way any of the groups listed below?

If no confirm underneath in relevant section the data and/or research which provides evidence e.g. JSNA, Workforce Profile, Quality Improvement Framework, Commissioning Intentions, etc.

If yes please detail underneath in relevant section and provide priority rating and determine if full EIA is required.

		Positive Impact	Negative Impact	Reasons
Gender	Men	This Policy manages any under or over payment in a consistent manner and will not take into account a particular group an employee may be associated with, in how it decides to manage an under of over payment.		
	Women			
Race	Asian or Asian British People			
	Black or Black British People			
	Chinese people			
	People of Mixed Race			
	White people (including Irish people)			

	People with Physical Disabilities, Learning Disabilities or Mental Health Issues			
Sexual Orientation	Transgender			
	Lesbian, Gay men and bisexual			
Age	Children			
	Older People (60+)			
	Younger People (17 to 25 yrs)			
Faith Group		As above	As above	
Pregnancy & Maternity		As above	As above	
Equal Opportunities and/or improved relations		As above	As above	

Notes:

Faith groups cover a wide range of groupings, the most common of which are Buddhist, Christian, Hindus, Jews, Muslims and Sikhs. Consider faith categories individually and collectively when considering positive and negative impacts.

The categories used in the race section refer to those used in the 2001 Census. Consideration should be given to the specific communities within the broad categories such as Bangladeshi people and the needs of other communities that do not appear as separate categories in the Census, for example, Polish.

3. Level of Impact

If you have indicated that there is a negative impact, is that impact:			
		YES	NO
Legal (it is not discriminatory under anti-discriminatory law)			
Intended			

If the negative impact is possibly discriminatory and not intended and/or of high impact then please complete a thorough assessment after completing the rest of this form.

3.1 Could you minimise or remove any negative impact that is of low significance? Explain how below:
3.2 Could you improve the strategy, function or policy positive impact? Explain how below:
3.3 If there is no evidence that this strategy, function or policy promotes equality of opportunity or

improves relations – could it be adapted so it does? How? If not why not?	
Scheduled for Full Impact Assessment	Date:
Name of persons/group completing the full assessment.	
Date Initial Screening completed	