

## Recovery of Overpayment of Salary/Wages

### Introduction and Benefits.

1. This policy outlines the way in which overpayments of salaries will be recovered.
2. This policy has been updated in line with best practice to ensure that when an overpayment occurs the monies are recouped.

### Application

3. The policy and procedure applies to all staff with a contract of employment with the Oxford Radcliffe Hospitals.
4. This policy and procedure has been agreed with the Joint Staff Consultative and Negotiating Committee and may be reviewed in the light of experience, but is binding on all staff including medical staff.

### Purpose

5. To ensure that when overpayments occur that the money owing is recouped in a timely and effective way. It applies to existing staff and those who have left the Trust.
6. It is not intended for small value overpayments resulting from administrative error (e.g. overpayments of overtime in one month) which are corrected in the following pay period without recourse to formal overpayment procedures.

### Policy Statement

7. The Trust aims to ensure that staff are paid accurately and on time.
8. Overpayment of salaries is to be avoided by ensuring that management systems are effective and efficient.
9. Where an overpayment occurs recovery will normally be sought irrespective of the circumstances in which it arose. The Trust has an obligation to safeguard public money. An overpayment represents public money that has been misapplied and as such must be recovered.
10. In accordance with the Employment Rights Act 1996, the Trust has a right to make deductions where there has been, any overpayment of remuneration, expenses or other payment.
11. A failure to notify the Trust of an overpayment may lead to disciplinary action. Where the overpayment is over a long period and where the employee will reasonably have been aware of the situation, cases may be referred to the NHS Counter Fraud team.

### **Responsibilities**

12. This policy is jointly owned by the Director of Human Resources and Organisational Development and the Director of Finance.
13. Managers are responsible for ensuring that payroll services are notified of any contractual changes for their staff and ensure that the paperwork is completed within prescribed deadlines to prevent overpayments occurring.
14. All staff have an ongoing responsibility to look at their payslips to ensure that they are receiving their correct salary and other payments
15. The Human Resources Department is responsible for reviewing the policy in liaison with the Finance Department via the Audit Committee.

### **Associated Documents**

16. Performance and Conduct Policy No 3
17. Counter Fraud Policy No 48
18. Recovery of Overpayments Procedures (Appendix 1)
19. Equality Impact Assessment

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**Recovery of Overpayments Procedures****Appendix 1****Procedure**

1. All staff have a responsibility for the following:-
  - 1.1. to check all of their payslips to ensure that they are receiving their correct salary and other payments.
  - 1.2. must advise payroll services immediately where they know or suspect that there has been an error in any payments made to them by the Trust.
  - 1.3. must act responsibly in relation to sums of money received from the Trust which may reasonably be believed to have been paid to them in error. This means that staff must not spend additional salary or materially alter their financial position in reliance on any overpayment or suspected until they had confirmed their entitlement to it.
  - 1.4. must act reasonably in relation to making repayment offers when required to do so. Repayments in most cases will be within 12 months of the discovery.
2. A failure to notify the Trust of an overpayment may lead to disciplinary action particularly where the overpayment is over a long period and where the employee will reasonably have been aware of the situation.
3. When the Trust or Payroll Services have identified an overpayment, the following course of action will be taken. All staff and former employees will be informed in writing by the Payroll Services within 15 working days that an overpayment has occurred. A copy of the letter will be sent to the Finance Manager, Business Accounts to update the Summary of Overpayments Schedule. The only exception to this would be in cases of a pay adjustment on the basis of a contractual change prompted by an individual and discussed with the manager which may have implications for that months/weeks pay. This would be recovered from the following months/weeks pay without the employee being notified by payroll.

**For staff who are still employed by the Trust**

4. Payroll Services will write to the employee informing them of the overpayment, asking them to repay the money in full with an option of a repayment plan. (Addendum A) In most cases full recovery should be made within 12 months of the discovery.

- 4.1. For example:-

*If an individual is overpaid £100 over 10 months at a rate of £10 per month, then the rate of recovery under a repayment plan would be the same = £10 per month over 10 months.*

5. The recovery details must be communicated in writing from payroll services to the Finance Manager, Business Accounts. The summary of overpayments schedule will be completed with the repayment details from payroll services and Finance and shared with Human Resources. All communications received by month end will be included in the next schedule.

**Staff who leave the Trust during the repayment period**

6. When an employee's leaving form is received while they are in the process of repaying a salary overpayment, the balance outstanding is calculated and compared with final salary calculation.
7. If the balance outstanding is lower than the final net payment, the balance outstanding will be deducted from the final salary payment.
8. If the balance outstanding is greater than the final net payment, the balance outstanding equal to the final net pay calculation is deducted i.e. zero final net pay. The employee will then be invoiced for the outstanding amount.

**For staff who have left the Trust's employment**

9. Where an employee has left the Trust, Payroll Services will send a letter to the former employee advising them of the overpayment (Addendum B) with a copy to the Finance Manager, Business Accounts.
10. Where no response from the former employee has been received within 30 days of the date of the letter detailing the overpayment the Finance Manager, Business Accounts will refer the debt to the Debt Collections Agency. This action will be noted on the Summary of Overpayments schedule.

**Data Collection**

11. On a monthly basis, by the 7<sup>th</sup> of the following month, Payroll Services will send a "Summary of Overpayment" schedule to the Finance Manager, Business Accounts. This schedule will identify the following information for each overpayment made:-
    - 11.1. Payroll number
    - 11.2. Name
    - 11.3. Division
    - 11.4. Department
    - 11.5. Site
    - 11.6. Reason for overpayment
    - 11.7. Date identified
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- 11.8. Date referred to Trust
- 11.9. Responsibility for overpayment (Payroll Services/ORH)
- 11.10. Overpayment amount
- 11.11. Balance outstanding
- 11.12. Other details (correspondence/repayment plan etc.)
- 12. The Finance Manager, Business Accounts will correct/amend/update the schedule within 10 working days of receipt and send a copy to Payroll Services and Human Resources.
- 13. A report will be sent monthly to Directorate Manager/Assistant Managers in those departments within the Trust in which overpayments regularly accrue. These managers will be required to investigate and take remedial action to prevent repeated overpayments

#### **Further Supporting Documents**

- Addendum A      Overpayment letter – Staff currently in post at ORH
- Addendum B      Overpayment letter – Staff who have left ORH employment
- Addendum C      Flowchart for Overpayment Procedure

(Staff currently in post at ORH)

Addendum A

**STRICTLY PRIVATE AND CONFIDENTIAL  
FOR ADDRESSEE ONLY**

Dear

**Reference: Overpayment of Salary**

We are writing to you to advise that due to \*\*\*\*\*  
overpaid for the period \*\*\*\*\*.

This gross overpayment amounts to £\*\*\*\*\*. Please notify your line manager

If you are not in a position to repay the money as a lump sum the Trust is prepared to accept a repayment by instalments and therefore propose the following repayment plan:

Outstanding overpayment	
Repayment period	
Monthly repayment	
Total repayment	

If I do not hear from you by xxx **(two weeks from date of letter)** these deductions will commence on .....

Should you leave the Trust during the repayment plan the balance outstanding will be deducted from your final salary. If however the balance outstanding is greater than the final net amount you will be invoiced for the difference.

In the meantime, should you have any queries concerning the above, please do not hesitate to contact me on the above telephone number.

On behalf of Oxford Radcliffe Hospitals NHS Trust.

Yours sincerely

PAYROLL SERVICES

University Hospitals Birmingham

Cc: Personal File

*Finance Manager, Business Accounts*

(Staff who have left ORH employment)

Addendum B

STRICTLY PRIVATE AND CONFIDENTIAL  
FOR ADDRESSEE ONLY

Dear

**Reference: Overpayment of Salary**

We are writing to you to confirm that due to \*\*\*\*\* , you have been overpaid for the period \*\*\*\*\*.

The overpayment is as follows:

Gross Overpayment	£
Less Tax	£
Less National Insurance	£
Less Pension	£
Net Overpayment	£

I would be grateful if you would forward a cheque for the net amount stated above, made payable to Oxford Radcliffe Hospitals NHS Trust within 30 days of this letter. However, we are prepared to discuss the possibility of paying this money by instalments of say £XXXXX a month for xxxxx months and if you wish to do this please contact me on xxxxxxxxx.

On behalf of Oxford Radcliffe Hospitals NHS Trust.

Yours sincerely

**PAYROLL SERVICES****University Hospitals Birmingham***cc. Finance Manager, Business Accounts*

Flow Chart for Overpayment Procedure

Addendum C

