

PAYROLL OVERPAYMENTS AND ADVANCES PROCEDURE

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VALIDITY – Policies should be accessed via the Trust intranet to ensure the current version is used.

CHANGE RECORD

Version	Date	Change details
1.0	April 2021	New procedure document.
1.1	August 2024	Reviewed with minor changes made throughout. Approved at Organisational Development Group (28 August 2024).

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1. INTRODUCTION

Humber NHS Foundation Trust is funded by public money and as such has a responsibility to ensure that robust mechanisms are in place to ensure all employees are paid in a correct and timely fashion. The Trust acknowledges that occasionally errors occur, and employees are either under or overpaid. In circumstances where there has been an overpayment the Trust has a fiscal responsibility to recover this from the employee and to subsequently identify any action to minimise or prevent any further occurrence.

2. SCOPE

This policy applies to all employees of Humber NHS Foundation Trust regardless of status, or type of contract held.

3. DUTIES AND RESPONSIBILITIES

Managers

Ensuring any timesheets/Pay related records sent to them or entered directly into automated time and attendance systems are accurate and reflect the hours actually worked before approving and forwarding to Payroll.

- Ensure that where available salary payments are checked monthly on finance reports and reporting/correcting any errors as soon as possible.
- Ensuring that the HR Transactional Department are notified of any change in employee circumstances which impact upon pay promptly and in accordance with HR Transactional cut off dates using the appropriate forms.
- Inform on the appropriate leavers form any annual leave entitlement that has been under/overtaken by an employee.
- Submit a leaver's form four months prior to retirement for members of staff that will be taking an NHS pension at retirement. (This is to allow the time needed to inform NHS pensions).
- Where payroll have informed managers of overpayments made to an employee managers must discuss and arrange a payment plan with the employee.

Employee/ Ex-Employees

- Accurately claim for hours worked.
- Submit claims for travel and subsistence or timesheets in accordance with policy and allowing sufficient time for managers to approve within the payroll departmental deadlines.
- Check that any electronically submitted timesheets/Expenses have been approved by their manager before the payroll cut off.
- Check their payslip every pay period to ensure that it is accurate.
- Immediately reporting any discrepancy identified on their payslip regarding under and/or overpayment to their line manager and payroll department.
- Repay any identified overpayments within the timeframe as agreed between employee and either line manager or payroll services.

HR Transactional

- Ensure employees are paid in accordance with their Terms and Conditions of employment as advised by the appropriate line manager and human resources.
- Ensuring that underpayments are rectified as soon as possible.
- Informing staff and managers of payroll cut off dates.

Payroll Department

Ensuring that overpayments are highlighted and dealt with in a timely manner.

- Ensuring that overpayments are recovered in line with the attached appendices.

4. PROCEDURES

Salary Advance

- The principle after an underpayment is that the position will be rectified in the next available salary.
- The Criteria for an advance will be that the employee has suffered a shortfall greater than 25% and at least £100 from the previous month's net pay as a result of the underpayment.
- Advances will only be considered where the underpayment arose due to a change in circumstances and that the change causes the employee to suffer a shortfall of more than 25% and at least £100 from their previous net pay.
- Where an advance is paid due to a shortfall that has occurred as a result of a manager's action or omission a £50 processing fee is chargeable to the relevant budget.
- An advance will **not** be made where a shortfall in pay is caused by the employee submitting timesheets or travel claims to payroll after the published deadlines regardless of shortfall.
- Requests for an Advance of salary must be made by the manager either via email to the Deputy Director of Finance & Contracting or by completion of the pro-forma at Appendix 1.
- Where an advance is approved, this will be an estimated amount of 60% of the gross underpayment. This allows for deductions of PAYE, national insurance and pension. Any variation to this will be at the discretion of the Payroll Manager and Deputy Director of Finance
- The procedure is depicted in the Appendix 4 flowchart B1.

Overpayment (Current Employees (Excluding bank only employees))

- When an overpayment is discovered immediate steps must be taken to ensure that the overpayment is ended and that future payments are made at the correct rate.
- See appendix 5 flowchart B2
- If an overpayment is discovered payroll will contact the line manager with a covering letter detailing the "gross" overpayment. Appendix 2 the manager must talk to the employee and agree a timeframe to pay back the overpayment. This should be agreed within 15 working days from the date payroll make the notification. *(Usual recovery arrangements are to recover over the same period of the overpayment, ideally within the tax year).*
- Once an agreement has been made with the manager and employee the manager must inform payroll of the agreed period. Once received payroll will put the agreed overpayment on the ESR system.
- The Trust would normally agree with the member of staff a repayment plan. However, where an agreement cannot be reached, the Trust reserves the right to deduct what is considered in the circumstances to be a fair and reasonable amount from their pay as appropriate.
- If during the period of the repayment, or prior to an agreement being made the employee terminates their contract, the final balance will be deducted from their last full month's salary. If there is a shortfall the residual sum will be subject to the procedure for Ex-Employees as detailed below.
- In the event of a death in service, the employee's line manager must inform the HR Transactional department immediately after notification of death is received. The employees pay will cease from this date. Should there be any existing overpayments of salary outstanding. Then the Trust will review each individual case to consider the appropriateness of recovery or if it should be written off.
- If the reason for the overpayment has occurred either due to the late submission of forms to HR Transactional or incorrect absence details being submitted a fee of £50 will be made to the relevant budget.

Overpayment (Ex-Employees & Bank only)

- When an overpayment is identified for an employee who has already left the organisation payroll will calculate the net value of the overpayment and an invoice will be raised to the individual.
- See Appendix 6 Flowchart B3

- Payroll will submit Appendix 3 to debtors, copying in the manager of the ex-employee.
- If the reason for the overpayment has occurred either due to the late submission of forms to HR Transactional or inaccurate absence details being submitted then a fee of £50 will be made to the relevant budget.
- Queries regarding the overpayment will be referred to the department that caused the error.
- Line managers' details will be on the invoice to allow the ex-employee to contact and discuss the overpayment.

5. EQUALITY AND DIVERSITY

An Equality Impact Assessment has been carried out by the author which confirms that this policy does not impact on any equality group (Appendix 7).

6. MONITORING AND AUDIT

The Director of Finance will be responsible for monitoring the effectiveness and reviewing the implementation of this procedure, regularly considering its suitability, adequacy and effectiveness taking into account legal development and changes in the Trust's business. Any improvements identified will be made as soon as possible.

7. REFERENCE TO ANY SUPPORTING DOCUMENTS

Appendix 1 Pro-Forma Advance request form

Appendix 2 Overpayment notification letter (Current Employees)


Appendix 3 Overpayment notification letter (Ex-employees)

Appendix 4 Flowchart B1 Advances Flow Chart

Appendix 5 Flowchart B2 Overpayment Current Employees

Appendix 6 Flowchart B3 Overpayment Ex-Employees

Appendix 1: Pro-Forma Advance request form



Request for an Advance of Salary

Part A - for completion by Line Manager:

This section must be completed and emailed back to payroll :

The following member of staff has requested an advance of salary:

Name: Department:

Email Address:

Job Title: Assignment Number:

Please note Only requests where the advance represents more then 25% of last months net pay and subject to a minimum of £100 Net will be approved.

Reason for Advance: Managers Name:

Requested Date: Managers Job Title:

Part B - To be completed by Payroll Department

Approved: If **Not** authorised please state the reason below:

Reason if not approved:

Name of approving/Rejecting officer:

Date: Time:

Advance Amount :

Part C - To be completed by the Employee

This section must be completed and emailed back to payroll before an advance can be issued:

I understand that, if approved, the advance will be paid directly into my bank account and will be recovered from my next available salary:

Employees Name: Date:

Appendix 2: Overpayment notification letter (Current Employees)

Appendix 2



Humber Teaching
NHS Foundation Trust

Overpayment of Salary Letter (Current Employee)

Payroll Officer:

Tel No:

Email : HNF-TR.Payroll@nhs.net

Date:

Private and Confidential

Employees Name:

Assignment No:

Dear

Re: Overpayment of Salary

I regret to inform you that an overpayment has been made to the above member of staff. Please see the value of the overpayment below.

£ 0.00

Gross Amount

Reason for overpayment:

Months overpayment made over:

I would like to take this opportunity to apologise for this and in accordance with the Trusts overpayment procedure, a reasonable period is to be agreed for you to pay back this overpayment.

Could you please indicate the number of monthly installments you would like to pay back over. (Please note the maximum allowed is 24).

If Payroll have not heard back by:

The amount above will taken over the same timeframe that the overpayment was made.

Please indicate below the agreed period to repay the above overpayment:

Employees signature:

Agreed number of monthly installments:

Appendix 3: Overpayment notification letter (Ex-employees)

Appendix 3



Humber Teaching

NHS Foundation Trust

Overpayment of Salary Letter (Ex Employees)

Payroll Officer:

Tel No:

Email : HNF-TR.Payroll@nhs.net

Date:

Private and Confidential

Employees Name:

Assignment No:

Dear

Re: Overpayment of Salary

I write to advise you that due to circumstance beyond out control and error has occurred regarding your salary which has resulted in you being overpaid even though you left our employment on:
(date)

£

Gross Amount

Reason for overpayment:

Months overpayment made over:

As you have now left out employment this letter is accompanied by an invoice detailing the amount you must repay to Humber NHS Foundation Trust.

If you need any further clarification on this please do not hesitate to contact (line manager). Contact details are shown on the accompanying invoice.

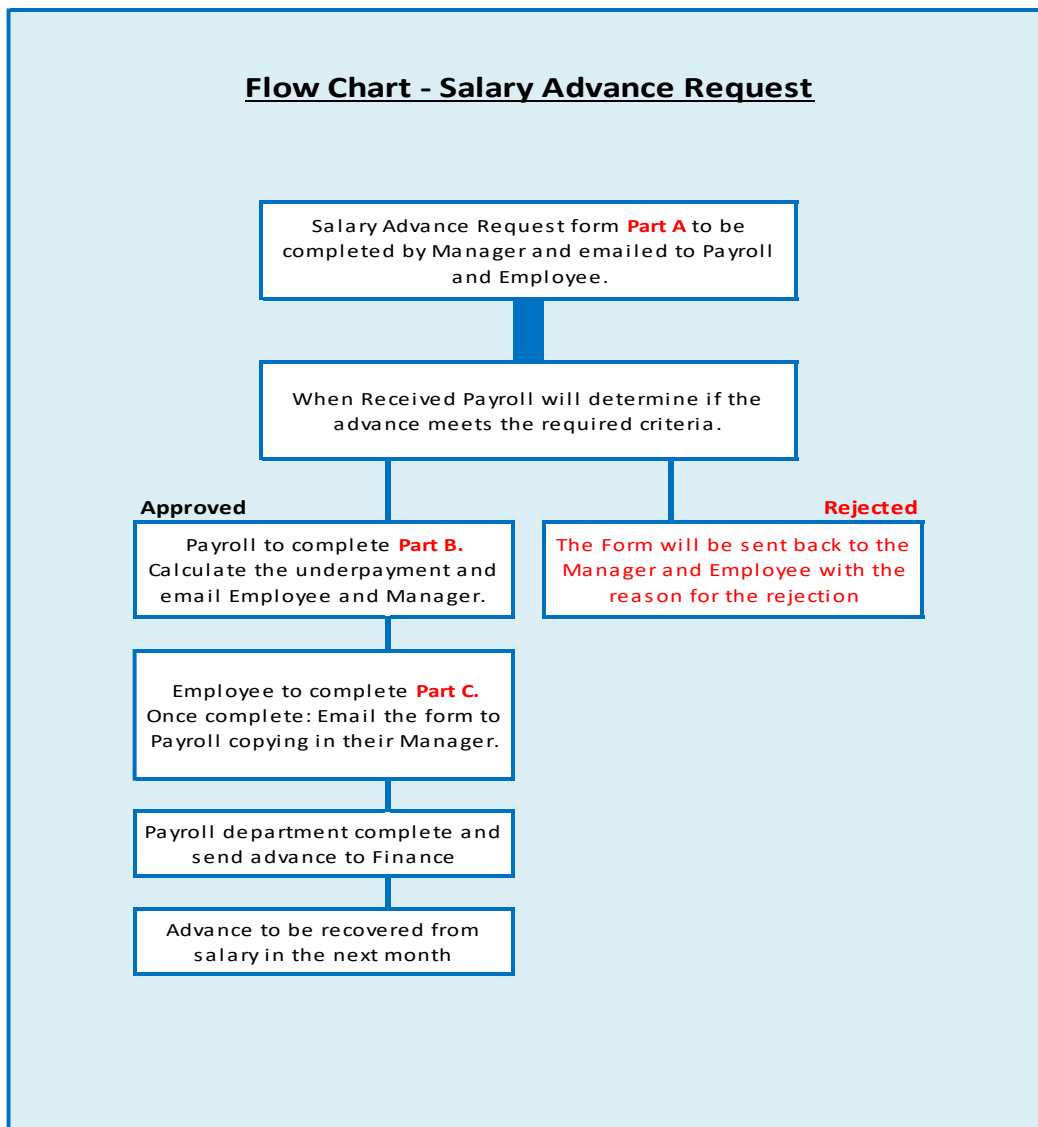
May I apologise for the inconvenience you may have been caused by this error.

Yours sincerely

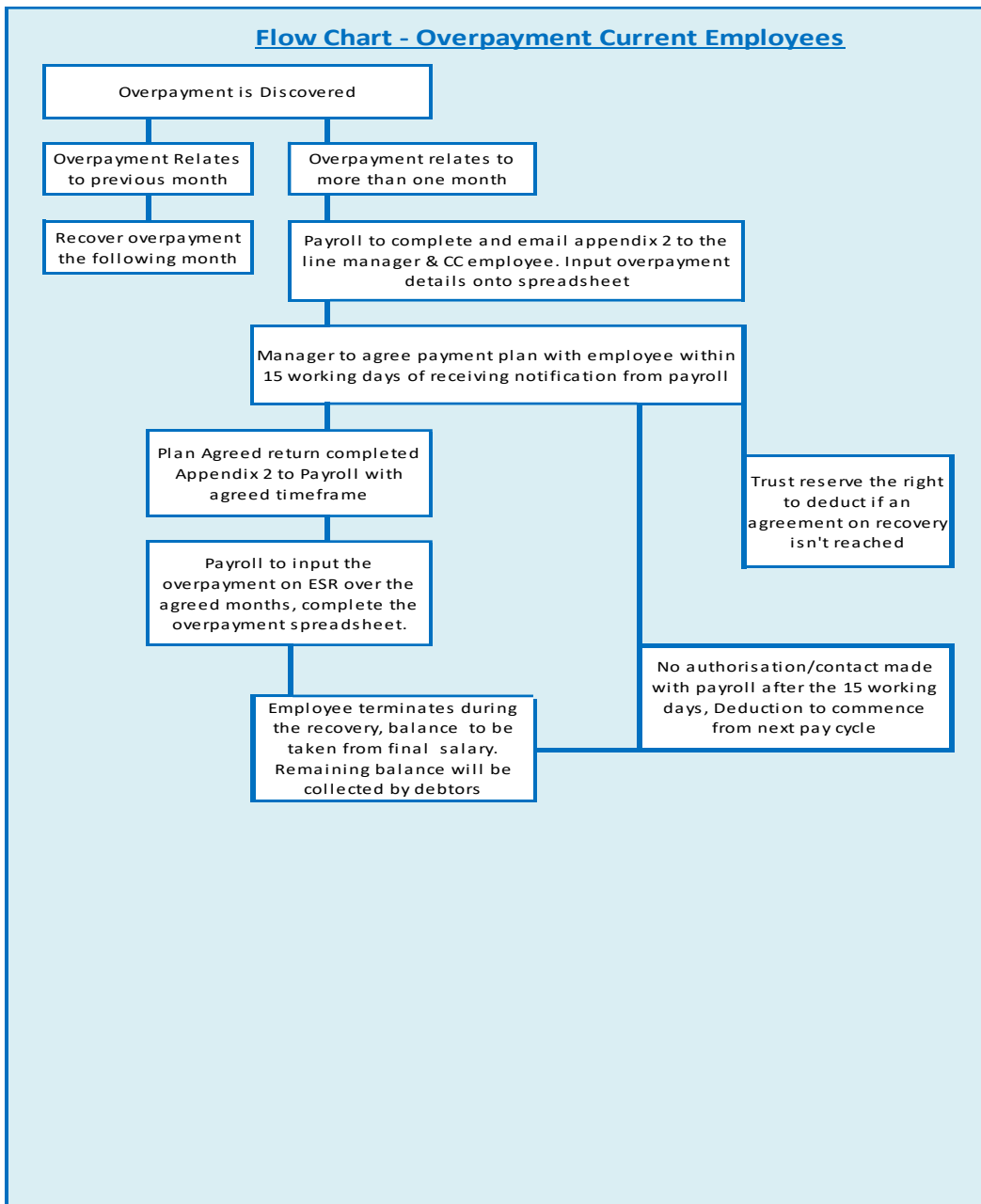
Name:

Title:

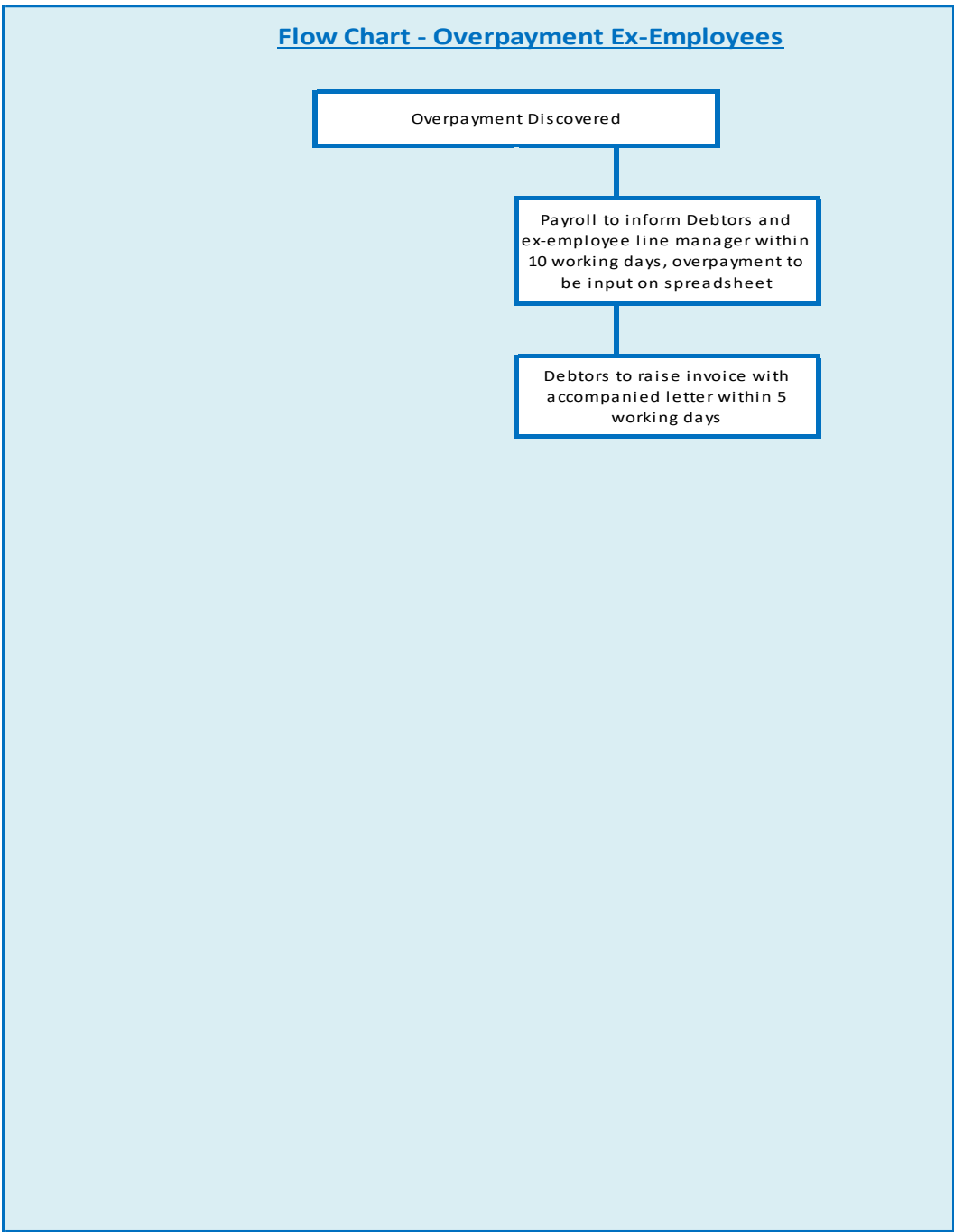
Appendix 4: Flowchart B1 - Advances Flow Chart



Appendix 5: Flowchart B2 - Overpayment Current Employees



Appendix 6: Flowchart B3 - Overpayment Ex-Employees



Appendix 7: Equality Impact Assessment

For strategies, policies, procedures, processes, guidelines, protocols, tenders, services

1. Document or Process or Service Name: **Procedure on Payroll Overpayments and Advances**
2. EIA Reviewer (name, job title, base and contact details): **Peter Beckwith, Director of Finance**
3. Is it a Policy, Strategy, Procedure, Process, Tender, Service or Other? **Procedure**

Main Aims of the Document, Process or Service		
The procedure applies to Payroll Overpayments and Advances		
Please indicate in the table that follows whether the document or process has the potential to impact adversely, intentionally or unwittingly on the equality target groups contained in the pro forma		
Equality Target Group 1. Age 2. Disability 3. Sex 4. Marriage/Civil Partnership 5. Pregnancy/Maternity 6. Race 7. Religion/Belief 8. Sexual Orientation 9. Gender reassignment	Is the document or process likely to have a potential or actual differential impact with regards to the equality target groups listed? Equality Impact Score Low = Little or No evidence or concern (Green) Medium = some evidence or concern (Amber) High = significant evidence or concern (Red)	How have you arrived at the equality impact score? a) who have you consulted with b) what have they said c) what information or data have you used d) where are the gaps in your analysis e) how will your document/process or service promote equality and diversity good practice

Equality Target Group	Definitions	Equality Impact Score	Evidence to support Equality Impact Score
Age	Including specific ages and age groups: Older people Young people Children Early years	Low	Analysis of the overpayments
Disability	Where the impairment has a substantial and long term adverse effect on the ability of the person to carry out their day to day activities: Sensory Physical Learning Mental health (including cancer, HIV, multiple sclerosis)	Low	Analysis of overpayments
Sex	Men/Male Women/Female	Low	Analysis of overpayments
Marriage/Civil Partnership		Low	Analysis of overpayments
Pregnancy/Maternity		Medium	Analysis of overpayments
Race	Colour Nationality Ethnic/national origins	Low	Analysis of overpayments
Religion or Belief	All religions Including lack of religion or belief and where belief includes any religious or philosophical belief	Low	Analysis of overpayments

Equality Target Group	Definitions	Equality Impact Score	Evidence to support Equality Impact Score
Sexual Orientation	Lesbian Gay men Bisexual	Low	Analysis of overpayments
Gender reassignment	Where people are proposing to undergo, or have undergone a process (or part of a process) for the purpose of reassigning the person's sex by changing physiological or other attribute of sex	Low	Analysis of overpayments

Summary

<p>Please describe the main points/actions arising from your assessment that supports your decision above</p> <p>This procedure will ensure that Payroll Overpayments and Advances processes are followed.</p> <p>Monitoring will take place to ensure that there are no ongoing negative effects on any of the equality target groups.</p>	
EIA Reviewer: Peter Beckwith	
Date complete 20/08/2024	Signature: Peter Beckwith