

**NORTH HAMPSHIRE CLINICAL COMMISSIONING GROUP**

**PAYROLL OVER AND UNDER-PAYMENTS POLICY  
(HR/09/V1.10)**

<b>Subject and version number of document:</b>	Payroll Over And Under-Payments Policy Version 1.10
<b>Serial Number:</b>	HR/09/V1.10
<b>Operative date:</b>	V1.00: March 2013 V1.10: 2 September 2014
<b>Author:</b>	Counter Fraud team in Wessex on behalf of Commissioners and providers in conjunction with Shared Business Services
<b>Links to other Policies:</b>	NHCCG Code of Financial Procedures NH CCG HR Framework Local Counter Fraud Policy
<b>Review date:</b>	This document will be reviewed every 3 years or sooner if change in national/SBS/Wessex wide arrangements
<b>For action by:</b>	This policy applies to all directly employed staff and other persons being paid by and acting on behalf of the CCG.
<b>Policy statement:</b>	Both Employer and Employees have a duty to ensure that payment is accordance with contractual obligations and where an error occurs it is identified/reported and corrected. Failure to report upon an overpayment could be determined to be a fraud and would be subject to the CCG Fraud Policy.
<b>Responsibility for dissemination to new staff:</b>	The Business Development function of the CCG will disseminate this policy in the first instance and then be published on the CCG's website at: <a href="http://www.northhampshireccg.com/info.aspx?p=5">http://www.northhampshireccg.com/info.aspx?p=5</a>
<b>Training Implications:</b>	Staff will receive training on this policy on induction and through the course of mandatory training.
<b>Further details and additional copies available from:</b>	All CCG policies ratified by the Governing Body will be published at: <a href="http://www.northhampshireccg.com/info.aspx?p=5">http://www.northhampshireccg.com/info.aspx?p=5</a>
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### Amendments Summary:

Amend No	Issued	Page(s)	Subject	Action Date
1	26.08.14	7 – 4.2 Definitions	Overpayment – addition of <i>'Incorrect claim from a GP Practice'</i>	26.08.14
2	26.08.14	7 – 4.2.1 Definitions	<i>'payment'</i> amended to <i>'salary'</i>	26.08.14
3	26.08.14	10 Training Requirements	Amended to read: <i>'Managers should be familiar with the CCG detailed financial policies (also known as the Code of Financial Procedures)'</i>	26.08.14
4				
5				

### Review Log:

Include details of when the document was last reviewed:

Version Number	Review Date	Name of Reviewer	Ratification Process	Notes

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## **QUICK REFERENCE GUIDE**

1. The CCG has a responsibility to ensure that employees and CCG membership are paid correctly. If an over/under payment occurs the organisation will either recover the overpayment or make a payment in line with this policy.
2. An employee/membership/clinical representative or individual paid through consultancy arrangements have a responsibility to check the payment received and advise either the payroll department or the CCG finance department when it is different to the expected contractual payment.
3. The Theft Act 1968 indicates that although an individual may not set out to obtain the additional salary or payment intentionally, by keeping it and treating it as their own (i.e. spending it) they may be guilty of theft.
4. If an overpayment is considered to have been intentionally kept then the matter will be reported to the organisation's Local Counter Fraud Specialist for criminal investigation.

## 1. INTRODUCTION

This document identifies the process to be followed when an employee/membership/clinical representative or individual receives an incorrect salary/expenses or payment relating to time spent in undertaking CCG business

## 2. PURPOSE

The purpose of the document is to ensure that:

- Over and underpayments are identified and either recovered or paid on a timely basis
- That a transparent, fair and consistent approach is followed when an incorrect payment is made.

## 3. SCOPE

- 3.1 This policy applies to all payments made to employees on a permanent, bank or fixed term contract with the CCG and to payments made to the membership for clinical/non clinical advice.

*In the event of an infection outbreak, flu pandemic or major incident, the organisation recognises that it may not be possible to adhere to all aspects of this document. In such circumstances, staff should take advice from their manager and all possible action must be taken to maintain ongoing patient and staff safety.*

## 4. DEFINITIONS

### 4.1 Identification of Payment Error - Error Types

- 4.1.1 There are a number of ways in which an person can be incorrectly paid, including, but not restricted to:

- An overpayment
- An underpayment
- Payment of incorrect travel or non-travel expenses
- Duplication of a payment
- Deduction made in error
- Incorrect creditor payment

- 4.2 **Overpayment:** Where an individual currently or historically under a contract with the CCG is paid an amount in excess of their contractual entitlement. The likely causes of an overpayment include, but are not restricted to:

- A termination notification not being completed, received or processed on time
- Late or lack of notification of sickness absence
- Staff not returning from maternity leave
- An error being made
- A late change notification

- Incorrect salary banding
- Incorrect claim from a GP Practice

#### 4.2.1 Payment errors can be identified in several ways:

- A member of the HR team identifies that an error has occurred
- A member of the payroll team identifies that an error has occurred
- The employee or membership upon receipt of payment identifies that an error has occurred
- The budget manager identifies that an error has occurred

#### 4.2.2 When an error in salary payment has been identified, action should be taken as quickly as possible to rectify the error and the Electronic Staff Record (ESR) updated accordingly.

#### 4.2.3 For the purpose of recovery, overpayments have been categorised into three areas:

- I. **Salary/Wages Adjustment:** An adjustment to pay that recovers monies overpaid in the current and previous month only. These will be recovered automatically from salary and will not be treated as an overpayment
- II. **Overpayment:** An adjustment to pay that requires monies to be recovered from an individual or practice and relates to periods prior to the current and previous month. Employees/membership will be advised in writing of the details of the overpayment and will be given a three week period from the date the letter is sent to respond and agree repayment terms otherwise the full amount will be recovered from the next payment.
- III. **Debt:** An unrecovered overpayment to an individual who is now not employed or contracted for by the CCG. An invoice will be raised and sent to the ex-employee /practice together with appropriate information identifying the basis of the overpayment.

#### 4.2.4 **Underpayment:** If an employee has received 100% of basic pay then the underpayment will generally be corrected in the following month's payment. The likely causes of an underpayment include, but are not restricted to:

- A variation to contract notification being submitted or actioned after payroll cut off;
- A late change notification;
- Incorrect salary banding;
- Late submission of expense claims, excess hours, enhancements, overtime etc.

#### 4.2.5 Where the employee will suffer financial hardship as a consequence of the underpayment a financial hardship payment may be made. The Payroll Help Desk is the initial point of contact for all payroll enquires – contact details are; by email payroll@sbs.nhs.uk and by phone on 0303 123 1144.

## **5. DUTIES AND RESPONSIBILITIES**

### **5.1 Responsibilities of Payroll**

4.2.6 It is the responsibility of the payroll provider to:

- ensure that information is input into ESR in an accurate and timely manner within agreed roles and responsibilities
- ensure that robust checking processes are in place to identify and reduce over and under payments
- ensure any payment errors are resolved following agreed payroll procedures
- ensure any payment errors are identified and the employee advised in a timely manner
- follow this procedure in resolving payment errors

### **5.2 Responsibilities of Human Resources**

5.2.1 It is the responsibility of the Human Resources team to:

- ensure information is input into ESR in an accurate and timely manner

### **5.3 Responsibilities of Line Manager**

5.3.1 It is the responsibility of Line Managers to ensure that:

- Changes in employee contracts, including terminations are recorded on ESR Manager self-service in a timely manner. In the event of a late leaver the Manager must supply a forwarding address for the employee.
- employees are notified in writing of the changes to their contractual terms
- the monthly finance nominal roll return is completed and returned on a timely basis and the Finance Department is alerted to any pay errors
- Where an employee has had an unauthorised or inaccurate payroll deduction and not received a timely response to the enquiry from payroll that the matter should be raised via the employee line manager with the Human Resources Department

### **5.4 Responsibilities of the Individual/Membership**

5.4.1 It is the responsibility of the individual employee or membership practice to:

- ensure that they understand their entitlement
- check their payslip or bank account every pay period to ensure that it appears accurate
- raise payment anomalies using the escalation process set out at 6.1.1
- Where pay anomaly enquiries do not receive an adequate response from payroll within 7 days or the agreed timescale then the matter may be escalated through your line manager.

### **5.5 Responsibilities of the Counter Fraud Service**

5.5.1 All NHS organisations are duty bound by the Public Accounts Committee to recover overpayments in full. Where significant and obvious overpayments occur, the Local Counter Fraud Specialist will be asked to investigate the case as suspected theft if the overpayment is not reported by the employee. The Local Counter Fraud Specialist will also be referred cases where an ex-employee fails to repay a notified overpayment.

5.5.2 The [Theft Act 1968](#) indicates that although an individual may not set out to obtain something intentionally (for example – additional salary), by keeping it and treating it as their own (i.e. spending it) they may be guilty of theft.

## **6. PROCESS**

### **6.1 Notification of over/under payments**

6.1.1 The payroll notification process is:

- Payroll queries must be logged with the Payroll Service desk either through e-mail ([payroll@sbs.nhs.uk](mailto:payroll@sbs.nhs.uk)) or telephone (0303 123 1144), please **do not** contact HR to log individual queries
- Payroll will issue a query reference number
- Where an employee has received no pay or less than 100% of basic pay, the query will be given high priority 1 status and payroll will respond within 24 hours. Calls relating to overpayments will also receive priority 1 status and responded to within 24 hours
- All other calls will be given priority 2 status and responded to within 3 working days

### **6.2 Process for resolving payment errors**

6.2.1 The “retrospective report” will identify the exact nature of the payroll error. The pay assistant will calculate the amount of the payment error. Once the error has been verified as correct, then for an underpayment, correction will be made in the following month and for an overpayment, the process will begin with a letter being sent to the employee detailing the amount.

6.2.2 The overpayment for employees will be calculated as a gross value (leavers will be net); this is the amount the organisation has overpaid, rather than the net amount (after tax and national insurance) that the employee has received. Calculating the gross value ensures that the overpayment can be processed by payroll with the minimal of delay. As the overpayment is recovered the payroll system will automatically reduce the employee’s tax and national insurance charge as appropriate.

6.2.3 Where a payment error has been made payroll will explain how the payment error has occurred and explain the repayment options. The normal process is to pay the underpayment or reclaim the overpayment in full at the next pay interval.

6.2.4 Where the employee is unable to repay an overpayment in full at the next pay interval, the overpayments team can agree a repayment period of up to three pay periods (3 weeks/3 months).

6.2.5 Where agreement cannot be reached to make a repayment within 3 pay periods then exceptionally this may be extended to 6 months or the period over which the overpayment occurred whichever is greater. Repayment periods beyond the above must be agreed with the Financial Controller and an income and expenditure statement may be requested to support a request for extended repayment terms.

6.2.6 Where a significant salary overpayment occurs over more than one month and the employee has not advised the payroll department the Financial Controller may alert the Local Counter Fraud Specialist to conduct a criminal investigation.

- 6.2.7 Raising a criminal investigation does not automatically result in a person being charged with a criminal offence. If, during the course of an investigation, evidence indicates that the case is not suitable for criminal charges, the investigation will be closed and the overpayment recovery process continued.
- 6.2.8 A “without prejudice clause” will be included in all overpayment letters which states, “This does not affect any other action, including proceedings in a criminal court which may be taken in this case”. This clause is to ensure that criminal action is not precluded and may be considered at any stage of the investigation.

### **6.3 Leavers**

- 6.3.1 Where an overpayment has occurred, and an employee terminates their employment before the completion of the agreed recovery, then the balance of the overpayment will be taken from the final salary. If the overpayment is greater than the final salary payment an invoice will be raised for the balance and the recovery process identified at paragraph 6.4 followed.

### **6.4 Ex-employees**

- 6.4.1 When a payment error is identified for an employee who has already left the organisation, the pay assistant will calculate the net amount of the over/under payment. Payroll will write to the ex-employee to explain the circumstances surrounding the error and either raise a cheque in payment or an invoice for the overpaid amount.
- 6.4.2 If a leaver has been overpaid for more than 2 pay periods after leaving organisation employment and has not alerted either Payroll or Human Resources to the overpayment then this will be viewed as prima facie evidence of fraud and will be referred to the Local Counter Fraud Specialist (LCFS) for investigation. The LCFS investigation will progress independently of the payroll recovery process.
- 6.4.2 If the ex-employee is unable to repay an overpayment immediately then the debtor’s team may agree a repayment period of up to 6 months by standing order only. Repayments over a period of more than six months must be agreed with the Financial Controller and may require the completion of an Income and Expenditure statement to support a request for extended payment terms.
- 6.4.3 In the event that a repayment plan cannot be agreed or the debtor reneges on a repayment plan then recovery may be pursued through a debt collection agency and the Courts.

### **6.5 Payments other than through Payroll (e.g. to a practice, individual paid as a contractor)**

- 6.5.1 When a payment error is identified then the individual or practice to which it is associated should notify the Chief Finance Officer or his/her representative, preferably confirmed in writing by e-mail or letter within reasonable timescales.

### **6.6 Complaints**

- 6.1 Any questions or complaints regarding the application of this policy should be sent to the CCG Chief Finance Officer.

## **7. TRAINING REQUIREMENTS**

- Managers should be familiar with Manager Self-service and organisation processes for appointment, variation to contracts and termination of staff. Training can be provided by the Workforce Division where required.

- Managers should be familiar with the CCG detailed financial policies (also known as the Code of Financial Procedures)
- Individual members of staff should understand their salary entitlement and the lay out of their payslip

## **8. REFERENCES & ASSOCIATED DOCUMENTATION**

- [Theft Act 1968](#)
- Detailed financial policies paragraph 8.
- [Reservation of Powers to the Board of Directors and Delegation of Powers](#) paragraph 16.2.2

## **9. MONITORING COMPLIANCE WITH, AND THE EFFECTIVENESS OF, PROCEDURAL DOCUMENTS.**

- Monthly analysis of payroll overpayments
- Internal/external audit review