Procedure: Overpayments

Purpose

To outline the University's procedures relating to overpayments, including responsibility and recovery.

Procedure

Introduction

1. The University, as a Commonwealth statutory and publicly funded body, must have regard to the legislative and governance frameworks that bind it to be publicly accountable for all of its funds. Accordingly, it is formally recognised that all monies must be managed effectively and efficiently in the discharge of its research, teaching and governance functions and responsibilities.

2. Previously, responsibility for recovery action of salary repayments has been split between the Director, Human Resources (DHR) and the Chief Financial Officer (CFO). In future, the Director, Human Resources will take responsibility for salary overpayments administration for existing staff whereas the CFO will take responsibility for recovery of salary overpayment debts for former staff.

3. College/Divisional HR Managers are recognised as a key agent in implementing this procedure and working with budget unit delegates and affected staff, to recover overpaid salaries in a simple and blameless manner. It is acknowledged that the costs of overpayments are, however, borne by the budget unit or cost centre. The University implicitly accepts that staff will repay any overpayments in accordance with this procedure, subject to any explicit provisions of the ANU Enterprise Agreement.

Responsibilities include:

4. To monitor within the University, budget unit delegates, subordinate cost centre administrators and their relevant staff are responsible for managing financial and related resources, including monitoring all salary matters. A report to particularly assist is the Payroll Costing Analysis (PCA). Over time, both HR and Financial Services will deliver more tools to enable ease of monitoring.

5. To declare in the event that a staff member is overpaid, it is incumbent that
this be declared by the staff member, or anyone else who discovers it to the local budget unit delegate and the Director, Human Resources, irrespective of the amount involved, immediately when it is discovered. The budget unit delegate will notify the College/Divisional HR Manager (or equivalent) who will then take recovery action as detailed below.

6. To report where a salary overpayment occurs to anyone who is a Director, Dean or higher level staff member, or where a salary payment is over $10,000 gross, then the Director, Human Resources is obliged to notify the Vice Chancellor within one month of receiving notification of the overpayment.

7. To act upon notification, College/Divisional HR Managers (or equivalent) will take action to recover these monies, unless otherwise provided for in this procedure. It is acknowledged that in some circumstances a staff member may not realise that he/she has been overpaid, so declaration and recovery are intended to be undertaken without embarrassment or rancour.

8. There should also be a written record (email/letter) advising the employee, in a timely fashion of the overpayment and a copy is to be placed on their personal file.

9. Consistent with other relevant University policies and subject to any explicit provisions of the University’s enterprise agreement, where an overpayment is:
   a. Less than $50.00 (in any one tax year) will be deemed by the delegate to be salary and not recovered;
   b. Between $50.00 and up to $200.00 will be recovered in the pay following the declaration;
   c. Greater than $200.00 will be recovered in instalments of $200.00 per pay OR by dividing the overpayment by the number of paydays left remaining in the tax year, whichever provides for the larger (payment per fortnight).

10. Wherever possible, and to the extent that it is not contrary to the above procedure, where an undetected overpayment has occurred over a long period of time, action may be taken to recover the debt commensurate with a period that saw the debt accumulate.

11. In the case of points b) and c) above, salary repayment is to be made of the net overpayment and by the end of the tax year, otherwise repayment will be of the gross overpayment (i.e. where recovery action falls over two tax years).

12. To review the University has established a procedure to ensure that action is taken commensurate with the costs and benefits, mindful that there may be little or no fault in a salary overpayment occurring and it is not the intention of this
procedure to attribute blame to any party. It is appropriate to review salary payments to determine if there is a pattern or other issue that is indicative of poor processes or systems resulting in overpayments.

Upon Resignation or Separation of Service

13. Unless otherwise negotiated, outstanding salary overpayments will be recovered from any salary and accrued leave payments normally paid out upon resignation, retirement or separation from the University.

14. Where salary and accrued leave credits are insufficient to discharge any salary overpayment, the deficit will become immediately payable. The University reserves the right to refer this matter to Financial and Business Services Division or its agents for debt recovery action. In these cases, the University may include costs for debt recovery.

Writing off debts – Fringe Benefits Tax

15. In the event that any salary overpayments are written off, according to University delegations, processes and procedures then any Fringe Benefit Tax costs will be borne by the budget unit or cost centre.

Recovery by Instalments – Fringe Benefits Tax

16. All instalment recoveries potentially have a fringe benefit tax liability. The size of the debt and the instalment recovery period will determine whether FBT is payable.

Other matters

17. In exceptional circumstances, HR Managers and/or overpaid employees through their HR Managers may make application to the Director, Human Resources to vary repayment arrangements to avoid financial hardship. In such cases, evidence supporting the existence of extenuating circumstances must be provided.

Payments in Advance and Manual (out-of-pay-cycle) payments

18. To reduce the risk of overpayments, and given global availability of electronic banking, the former provision for granting Pays in Advance for staff proceeding on leave will no longer apply.

19. In relation to manual payments or out-of-pay-cycle payments (previously referred to as "prepayments") these are to discontinue for all staff except new starters and casuals (these groups being vulnerable in the event that paperwork has been delayed through no fault of the staff member).
20. The option, in exceptional circumstances, to seek either pay in advance or manual/out-of-pay-cycle payments will still exist, subject to the Director, Human Resources' approval. If the Director, Human Resources approves the payment in exceptional circumstances, a $50.00 service fee to the budget unit or cost centre will still apply.