



Procedure

Management of salary related overpayments

Implementation Date: 19/06/2018
Version: 3.0

Audience

Department-wide (including current and former employees)

Purpose

This procedure details how the Department of Education recovers salary overpayments from past or present departmental employees.

Overview

Although overpayments may occur through no fault of the employee concerned, the department must recover overpayments and manage revenue and expenses systems efficiently and effectively under the Financial Accountability Act.

Overpayments commonly occur as a result of:

- late advice of unpaid leave of absence
- changes in working hours (i.e. reduction in hours)
- changes in classification level (i.e. change to a role at a lower classification level)
- change in period of employment (i.e. contract shortened)
- change in entitlements to allowances or deductions.

The department will endeavor to recover salary overpayments in a way that satisfies financial requirements without imposing undue financial hardship on the employee concerned.

Employees should be aware that overpayment of salary and subsequent recovery of overpayments may impact the following:

- medicare levy surcharge
- superannuation co-contribution
- higher education loan program (HELP) and student financial supplement scheme
- tax offsets for contributions to an spouse's superannuation
- child support deduction
- entitlements to income tested government benefits.



Responsibilities

Employees

- Check their electronic or hard-copy payslip to ensure all payments are due and correct, with particular attention when a change in hours has been implemented or a period of leave without pay has been taken, to ensure the payments accurately reflect the changes.
- Exercise proper diligence, care and attention and avoid waste of public resources (in accordance with the [Code of Conduct](#)) by notifying Payroll Services if an incorrect payment is identified.
- Submit leave applications in a timely manner.
- Where appropriate (dependent on the reason for the overpayment) negotiate and agree to a repayment plan within a reasonable timeframe of the overpayment being identified.
- Ensure any outstanding overpayment balance is repaid before ceasing employment with the department.

Managers, principals and supervisors

- Submit all approved paperwork relating to employee appointments, leave or pay variations in a timely manner to avoid the possible overpayment of salary.
- Review the payroll verification report on a fortnightly basis and ensure anomalies (i.e. incorrect working hours or attendance) are reported to Payroll Services for corrective action.
- Assist Payroll Services or Finance Branch in the recovery of the salary overpayment, when requested.
- Reinforce with employees that as public servants they are committed to the highest levels of ethical standards, integrity and accountability, which includes the requirement for them to check their payslip fortnightly for accuracy and report incorrect payments to Payroll Services.

Payroll Services

- Provide a payslip to all employees.
- Identify overpayments via payroll processing and audit reports.
- Maintain overpayment reports and database.
- After identification and calculation of the overpayment, attempt to contact the employee to explain how the overpayment has occurred.
- Undertake overpayment recovery processes appropriate to the overpayment circumstances.
- Negotiate appropriate repayment plans with employees, as appropriate to the circumstances.
- Identify trends and target business improvements to reduce overpayments.
- Provide all relevant information required to manage the recovery process to Finance Branch via the overpayment database, for those debts requiring external recovery.

Claims management officer and school based rehabilitation and return to work coordinator (RRTWC)

- When requested, assist Payroll Services by providing advice to an employee who is on a rehabilitation plan, about their overpayment.
- Provide regular updates to Payroll Services when advice has been provided to the employee about the overpayment.

Finance Branch

- Manage external debt recovery.

Overpayments review committee

- Consider submissions that debts be waived or reassessed in cases of exceptional circumstances
- Determine if debt recovery action should continue or if the debt is cancelled.

Process

The [management of salary overpayments](#) flowchart may be read in conjunction with these steps.

1. Identification of an overpayment

Overpayments are identified by either:

- The employee contacting Payroll Services
- Payroll Services through processing and audit reports
- Managers, principals or supervisors through the payroll verification report.

2. Overpayment recovery

Repayments will not reduce the employee's wages in a pay period to less than the amount prescribed in the [Industrial Relations Act 2016 \(Qld\)](#) and [Industrial Relations Regulation 2018 \(Qld\)](#), unless the employee agrees to repay a larger amount or in a lump sum (i.e. the amount the department recovers cannot be greater than 25% of the employee's gross pay for the pay period, unless the employee agrees to a higher amount).

The *Industrial Relations Act 2016* (Qld) Chapter 11, Part 2, Division 3 in conjunction with the *Industrial Relations Regulation 2018* (Qld) Part 6 provides circumstances and limits under which overpayments may be recovered.

Current employee

Overpayment due to an absence from work

The department may recover an amount paid to an employee to which they were not entitled because of absence from work, regardless of whether or not the employee has consented. The amount recovered in these instances cannot be greater than 25% of the employee's gross pay for the pay period, unless the employee agrees to a higher amount.

A payslip message will be added by Payroll Services to advise the employee of the recovery action.

Payments will continue to be automatically deducted via the payroll system until amount is repaid in full.

If the employee is being supported by Organisational Safety and Wellbeing or is on a graduated return to work, the overpayment is referred to Claims management officer (who may liaise with the school based RRTWC to provide advice to the employee regarding their overpayment. These overpayments may require a more flexible approach to recovery and may be managed jointly by Payroll Services, the Claims manager or the RRTWC and Finance Branch. These repayments may be managed internally through Payroll Services, with a negotiated recovery plan, or may need to be referred to Finance Branch for external debt recovery. Refer to **step 3**.

Overpayment due to a reason other than absence from work: (refer to procedure overview for possible reasons)

When the employee has been overpaid due to a reason other than an absence from work:

Payroll Services provide advice to the employee regarding the overpayment and negotiates an appropriate recovery plan.

Payroll Services arrange for repayment to be deducted, as agreed, from the employee's next and subsequent pays. Payments will continue to be automatically deducted via the payroll system until amount is repaid in full.

If a current employee does not agree to a reasonable repayment plan, Payroll Services will refer the debt to Finance Branch for external debt recovery which will entail the immediate engagement of a collection agency.

Overpayment arising as a result of an incorrect salary classification level assigned to an employee on their initial appointment:

Payroll Services will:

- correct the salary classification from the date of appointment and advise the employee via email that the department will **not** attempt to recover monies paid
- update the Loss register and record overpayment details not recovered.

Current employee – ceasing work with the department

If an employee is ceasing employment with the department it is expected that any outstanding overpayment balance is finalised before the employee's final day of work with the department. If the overpayment is not finalised before ceasing employment, Payroll Services will transfer the overpayment balance to Finance Branch for external debt recovery. Refer to **step 3**.

Past employee

If the person is no longer working for the department the overpayment is considered to be an external debt and is referred to Finance Branch for external debt recovery. Refer to **step 3**.

3. External debt recovery

On notification of the salary overpayment from Payroll Services, Finance Branch will manage the debt in accordance with the [debt management procedure](#), including:

- provide the debtor with an invoice for payment due
- refer the debt to an external debt recovery agency where payment has not been received by the invoice due date or a payment arrangement is not adhered to.
- continue recovery action through the legal process where applicable.

4. Overpayment review committee

The Overpayments review committee may be convened to consider submissions for debt waiver or re-assessment based on exceptional circumstances. The committee will determine whether debt recovery action should continue or if the debt is waived. Submissions to the committee must be made through the Finance Branch.

Definitions

external debt recovery	Any salary overpayment not managed by Payroll Services and referred to Finance Branch
Overpayments review committee	A committee comprising of the Director Payroll Services, Executive Director Financial Strategy and Advice and Manager Accounts Receivable and Banking, who consider submissions for debts to be waived due to exceptional circumstances.
collection agency	An external organisation engaged by the Finance Branch to recover debts from current employees.

Legislation

- [Industrial Relations Act 2016 \(Qld\)](#) Chapter 11, Part 2, Division 3
- [Industrial Relations Regulation 2018 \(Qld\)](#) Part 6
- [Financial Accountability Act 2009 \(Qld\)](#)
- [Public Service Ethics Act 1994 \(Qld\)](#)

Delegations/Authorisations

- [Financial delegations matrix](#)

Related policies

- [Code of Conduct for the Queensland public service](#)

Related procedures

- [Debt management](#)
- [Reporting fraud and corruption](#)

Guidelines

- Nil

Supporting information/websites

- [Management of salary overpayments](#) flowchart

Contact

For further information about management of salary overpayments, contact:

[Payroll Services Unit](#)

Phone: (07) 3055 2512

Finance Branch

Email: receivables.finance@qed.qld.gov.au

Review date

19/06/2020

Superseded versions

Previous seven years shown. Minor version updates not included.

2.0 Management of Salary overpayments

Creative Commons Licence

