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| Title:<br><b>Recovery of Overpaid Salaries and Wages</b>                          |  |  | Effective date:<br><b>1 June 2014</b>       |  |
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## 1. Purpose and Scope

This policy outlines Waikato District Health Board's (Waikato DHB's) procedures for addressing overpayments.

This policy applies to all Waikato DHB staff.

Staff must comply with this policy irrespective of whether an overpayment was the result of employee, management or payroll department error.


## 2. Policy

The Waikato DHB policy on the Recovery of Overpaid Salaries and Wages is:

- **Waikato DHB shall recover the overpayment of salaries in accordance with the provisions of the Wages Protection Act 1983 ("the Act"), or any substituted legislation.**
- **Any authorisation of credit notes or debt write-offs will be in accordance with Waikato DHB's Delegations of Authority policy as it applies to debtors.**


## 3. Authorisation

As signed above on behalf of the Chief Executive.

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## Appendix A

### 1. Recovery of Overpayments


**1.1. Automatic Deductions** The process to be used for recovery of any overpayment will be dependent on the reason for the overpayment, the amount of overpayment and the period the overpayment has occurred for.

- a. If the overpayment has occurred as a result of one of the following, then the overpayment can be automatically deducted from an employee's wage or salary:
  1. if the employee was absent from work without Waikato DHB authorisation; or
  2. if the employee was on strike or was locked out of work; or
  3. if the employee was suspended from work without pay.
- b. Waikato DHB will deduct an overpayment:
  1. that was made as a result of one of the situations in subsection 1.1a; or
  2. if the overpayment is less than \$2000, made over a period less than 2 months and can be deducted in one pay cycle, no later than 14 days of being notified of or discovering the overpayment.
- c. Payroll will get agreement from the employee, that the overpayment shall be deducted before making the deduction. The employee's manager will also be informed in cases of overpayment caused by information provided by the employee's manager.
- d. If the overpayment does not fall into the above categories it is a Significant Overpayment and the recovery process will be followed as set out in 1.2 below.

**1.2. Establishment of Employee Repayment Process**

For a significant overpayment falling under 1.1d above, the following process will apply:

- a. Payroll will consult with the employee directly via telephone or email to inform them of the overpayment and discuss the required deduction. If the employee wishes the deductions to be made over multiple periods then the employee will be advised that an invoice will be raised by Accounts Receivable and the repayment plan will be agreed between Accounts Receivable and the employee. In the situation where overpayments occurred over a number of pay runs and pay periods, repayments should be consistent with the periods of overpayment or a lesser timeframe if agreed. An invoice will be raised by Accounts Receivable to manage the tracking of repayments against the total debt. The employee's manager will

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also be informed in cases of overpayment caused by information provided by the employee's manager.

- b. If a deduction plan cannot be agreed, or further investigation regarding documentation, processing or payroll management is requested by the employee, Employment Relations will be contacted by Accounts Receivable to manage this process in an endeavour to obtain employee consent to deduct their pay.
- c. The employee confirms that they are willing for the deduction to be made from their next pay or consecutive pays by providing an e-mail or verbal confirmation. This is processed by payroll and no further action is taken. Note where agreement for multiple repayments is reached Accounts Receivable may raise an invoice to allow for easier tracking of repayments against the total debt.

### 1.3. Creation of Invoice to record debt owing


- a. If the employee disputes the overpayment or does not agree to a repayment process with Accounts Receivable or Employment Relations then Accounts Receivable will provide the following further information to the employee, the employee's line manager, and a copy filed on the employee's personal file:
  - written details of the overpayment
  - an invoice for the amount of overpayment

This allows all relevant parties to see the correspondence that has been sent to the employee.

- b. The Human Resources dispute process held in conjunction with Employment Relations should result in one of the following outcomes;
  - employee agrees with overpayment amounts and completes a Salary Deduction form
  - correction of overpayment amount is agreed and Salary Deduction form completed
  - case presented to Chief Financial Officer for full write off of debt (per Delegations of Authority policy)
  - case is presented to Chief Financial Officer for partial write off of debt (per Delegations of Authority policy) and Salary Deduction form completed for the remainder of debt
  - Salary Deduction form is not completed and debt is passed to external debt collection agency by Accounts Receivable and legal proceedings are taken to recover the debt if viable as determined by the Credit Controller.

### 1.4. Establishment of Ex-Employee Repayment Process

- When an employee becomes no longer employed by the Waikato DHB the Credit Controller will send an email or letter, with the invoice and Waikato DHB bank details to the ex-employee's

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home address and the debt will be followed up in accordance with Waikato DHB's standard debt collection process. This may include a Final Demand being sent that the matter will be handed over to an external debt collection agency and legal proceedings being taken to recover the debt.

### 1.5. Failure of Employee to comply with Repayment Process

- If the employee fails to comply with the repayment process after initiation of agreed repayment plan the Credit Controller will send a Final Demand notifying the employee of failure to comply with agreed payment plan and stating that if the missed repayment is not made within seven working days that the remainder of the debt will be handed over to an external debt collection agency and legal action will be taken if viable as determined by the Credit Controller. Any future payments should also be reinstated by the employee. The employee's manager is to be copied in on this letter.

## 2. Debt Collection/ Legal Action

- If the employee or ex employee does not consent to repay/enter into a repayment plan and the amount makes engaging an external debt collection agency viable, the Waikato DHB reserves the right to escalate the debt to an external debt collection agency or take legal action where:

An employee:

- a. refused to complete a Salary Deduction form within 28 working days of the invoice for outstanding debt being raised; or
- b. has failed to rectify a default in their repayment regime requirements or agreed payment plan.


An ex-employee:

- a. has made no attempt to repay the overpayment or enter into a repayment plan, with the Waikato DHB, within 28 working days of the invoice for outstanding debt being raised

- In either case involving an employee, the Accounts Receivable Department shall inform the employee and their manager of the action taken.

## 3. Termination of Employment

- At the end of each calendar month, the Credit Controller will send to the Payroll department a list of employees with outstanding debt balances owing to Waikato DHB.
- Upon the termination of an employee's service, Payroll will review the list from the Credit Controller to see if the terminated employee owes any amounts to Waikato DHB (this includes overpaid salaries and wages).

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- If an amount is owed then Payroll will check if the employee has signed a Recruitment Services Personal Information form\*:
  - a) If yes, the full debt owing will be deducted from the employee's final pay.
  - b) If no, Payroll will advise the Credit Controller that the employee has been terminated and to send any remaining debt against the employee directly to external debt collection agencies and to begin legal proceedings.


\* Note the Recruitment Services Personal Information form (E1097HWF) states and authorises for all monies and property owing at the date of termination of employment must be paid back.

#### **4. Writing off an Overpayment**

- Managers or supervisors who wish to either partially or fully write-off an overpayment or significant overpayment of an employee salary must apply in writing to the Chief Financial Officer (or delegated person) in accordance with the Waikato DHB Delegations of Authority policy.

#### **5. Success Indicators**

- Recovery of overpaid salaries and wages complies with the requirements detailed in this policy.
- Employee debts are recovered or have an agreed plan for recovery.

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## Appendix B

### 1. Definitions

|                                |  |
|--------------------------------|--|
| <b>Payroll</b>                 | An employee or employees of the Waikato DHB Payroll department   |
| <b>Accounts Receivable</b>     | An employee or employees of the Waikato DHB Accounts Receivable department   |
| <b>Overpayment</b>             | Any wage overpaid to a worker in respect of a recoverable period.  |
| <b>Significant Overpayment</b> | An overpayment that has occurred over a time period of longer than 2 months and/or is for an amount greater than \$2000 and/or cannot be deducted in one pay cycle of the employee |
| <b>Employment Relations</b>    | An employee or employees of the Waikato DHB in the Employment Relations department.  |

### 2. Legislative Requirements

Waikato DHB must comply with the following legislation (this list is not exclusive):

- Wages Protection Act 1983

### 3. Associated Documents

- Waikato DHB Delegations of Authority policy (2175)
- Recruitment Services Personal Information form (E1097HWF)