

Recovery of Overpayments Policy

Section 1 - Purpose

(1) This Policy is intended to outline the recovery process for overpayments relating to salary, allowances, superannuation, scholarships and other payments processed via the Charles Sturt University (the University) payroll system.

Scope

(2) This Policy defines the responsibilities of employees, students and the University to identify overpayments and the requirement for overpayments to be recovered in a fair and timely manner.

(3) This Policy applies to any individual who is paid via the University's payroll system, including staff employed in controlled entities and students receiving scholarship payments.

Section 2 - Glossary

(4) In this Policy:

- a. Formal debt recovery - means when staff debts are referred to Revenue Services for debt recovery. Formal debt recovery is the process undertaken to recover a debt that remains unpaid for a considerable period of time. Revenue Services will consult with the relevant areas before formal debt recovery action is undertaken and any costs, including but not limited to debt recovery agency costs and legal costs, will normally be included in the total debt owed.
- b. Payee - means any person who is paid by the University payroll system pursuant to the [Charles Sturt University Enterprise Agreement](#) and other agreements, e.g. for scholarships.
- c. Overpayment - means payment of an amount to a payee in excess of the correct entitlement to the payee and includes salary, wages, scholarships, allowances, superannuation and any other payments paid through the University's payroll system to which the payee is not entitled.

Section 3 - Policy

Part A - Overpayments Recovery

(5) The University is obliged to recover all overpayments. Any person who is paid by the University payroll system and receives an overpayment is required to repay the overpayment in a timely and fair manner. The Division of Finance will, on behalf of the University, seek to recoup the overpayment after consultation with the payee.

(6) In accordance with Australian Tax Office (ATO) regulations, if the overpayment occurs in the current financial year, repayment of the net overpayment is required (i.e. the gross amount less Pay-as-you-go (PAYG) tax).

(7) If the overpayment is in relation to salary amounts received in a prior financial year, repayment will be of the gross amount. The payee will be issued with an amended PAYG Payment Summary which will report the reduced taxable

salary for the financial year in which the overpayment occurred. The payee will then be required to submit an application for amendment to the ATO to request a review of their tax assessment for that financial year. The ATO will refund the payee any overpaid PAYG tax where applicable.

(8) Overpayments will be required to be repaid as a lump sum or by fortnightly instalments in accordance with the guidelines outlined in clause 11 of this policy.

(9) Once an overpayment has been identified, the Division of People and Culture and the Division of Finance will consult to determine the reason for the overpayment and the overpayment amount to be repaid.

(10) The Division of Finance will advise the payee of the overpayment, the amount to be repaid and proposed recovery action. Payees are required to sign a written agreement stating the amount and timing of recovery payments. Email signatures will be accepted.

(11) The following repayment options are available:

- a. payment in full made via bank transfer into the University's bank account;
- b. payment via instalment by means of deduction from an employee's regular fortnightly pay until the debt is recovered guided by the following:
 - i. the fortnightly instalment rate is only applicable to overpayments greater than \$250 and will be at a minimum rate of \$250 per pay or 20% of the overpayment whichever amount is greater;
 - ii. amounts less than \$250 will be deducted from the next available pay as a lump sum;
 - iii. fringe benefits tax (FBT) may be payable for debts that are repaid via fortnightly instalments in accordance with Part D - Fringe Benefits Tax.

(12) Where an undetected overpayment has occurred over a long period of time, to the extent that it is not contrary to the above repayment options, action may be taken to recover the debt commensurate with a period that saw the debt accumulate. If applicable this arrangement will be approved by the Director, Finance Operational Services, in the Division of Finance.

(13) The amount of fortnightly repayment can only be varied on the grounds of financial hardship. In such cases, evidence supporting the existence of extenuating financial circumstances must be provided and an application made in writing to the Director, Finance Operational Services, for approval. Where financial hardship is recognised, repayment will be made according to a determination by the Director, Finance Operational Services.

(14) Overpayments that are not recovered are debts to the University. In circumstances where the payee does not respond to requests for repayment or does not enter into a written agreement as per clause 10, the matter will be considered to be a formal debt to the University and a debtor's invoice will be raised. If the outstanding invoice remains unpaid for a prolonged period of time formal debt recovery action may be undertaken.

Part B - Superannuation

(15) Where employer superannuation contributions have been paid on the overpaid salary amounts, the overpaid superannuation amount will also be recovered.

(16) For UniSuper members, in accordance with the applicable fund rules in force at the time, the overpaid superannuation contributions may be processed as a negative contribution to the employee's super account. If a negative contribution cannot be processed, the employee will be required to repay the overpaid employer contribution to the University in addition to the salary overpayment.

(17) For funds other than UniSuper, the employee will be required to repay the overpaid employer contribution to the University in addition to the salary overpayment.

Part C - Termination of Employment

(18) The University reserves the right to recover any outstanding overpayments from salary and accrued leave payments to be paid out upon resignation, retirement, redundancy or separation from the University. Where salary and accrued leave credits are insufficient to recover the overpayment, the shortfall will become immediately payable. In this case formal debt recovery action will be undertaken if consultation with the employee does not result in a timely repayment.

Part D - Fringe Benefits Tax

(19) All overpayments which are recovered by instalment or remain outstanding may constitute a Loan Fringe Benefit. Any taxation liability incurred by the University from this loan shall be repaid by the payee. The Division of Finance will determine this liability based upon the current Australian Taxation Office (ATO) statutory interest rates for the year(s) in question, the term of the loan and monies outstanding.

(20) Instalments by definition are multiple amounts payable over more than one pay run period (fortnightly) after the debt has been brought to the attention of the University. If no payment arrangement is entered into and debt remains outstanding for more than one pay period after liability is recognised, a loan benefit is raised immediately.

Part E - Debt Write Off

(21) The University in its absolute discretion and in limited circumstances may write off a salary overpayment. In the event that a salary overpayment is written off according to the [Delegation Schedule C - Finance](#), then any Debt Waiver Fringe Benefit Tax liability plus outstanding loan balance at time of write off that was outstanding will be borne by the relevant Budget Centre.

Section 4 - Procedures

(22) Nil.

Section 5 - Guidelines

(23) Nil.

Status and Details

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