Recovery of Overpayments Policy

Section 1 - Purpose

(1) This policy:

a. outlines the recovery process for overpayments relating to salary, allowances, superannuation, scholarships and other payments processed via the Charles Sturt University (the University) payroll and invoicing systems, and
b. 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.

Scope

(2) 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, and includes out-of-pocket reimbursements, allowances and ad-hoc additional entitlements.

Section 2 - Policy

Overpayments recovery

(3) The University is obliged to recover all overpayments. Any person who is paid by the University 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.

(4) 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).

(5) 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 income statement accessible through MyGov for the financial year in which the overpayment occurred. If the payee has lodged a tax return for the amendment impacted financial year, the payee is required to submit an application for amendment to the ATO to request a review of their tax assessment for that financial year, through MyGov. The ATO will refund the payee any overpaid PAYG tax where applicable.

(6) Overpayments will be required to be repaid as a lump sum or by fortnightly instalments in accordance with the guidelines outlined in clause 9 of this policy.

(7) 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.

(8) The Division of People and Culture (DPC) will advise the payee of a salary overpayment. The Division of Finance will issue an invoice and contact the payee for a written agreement stating the amount and timing of recovery payments. Email signatures will be accepted.

(9) 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 the 'Fringe benefits tax' heading below.

(10) 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 require Band 6 approval within the Division of Finance.

(11) 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 Payroll Services for review. Where financial hardship is recognised, repayment will be made according to a determination by DPC, Revenue Services and Payroll.

(12) 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 8, the matter will be considered to be a formal debt to the University. If the outstanding invoice remains unpaid for a prolonged period of time, formal debt recovery action may be undertaken.

(13) Overpayments for non-salary items will be identified by the Division of Finance. The payee will be contacted to discuss the circumstances of the overpayment and invoiced by Revenue Services for direct payment, in line with agreed upon terms.

Superannuation

(14) Where employer superannuation contributions have been remitted on the overpaid salary amounts, the overpaid superannuation amount will also be recovered by a refund request.

(15) In the event a superannuation fund declines to refund overpaid employer contributions, the payee will be invoiced in addition to the salary overpayment.

Termination of employment

(16) The University will request written consent from the payee 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.

Fringe benefits tax

(17) All overpayments that 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 discussed and negotiated as to ownership of the responsibility with the payee. The Division of Finance will determine this liability based upon the current ATO statutory interest rates for the year(s) in question, the term of the loan and monies outstanding.

(18) 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.

Debt write off

(19) 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 University Delegation schedules register, then any debt waiver fringe benefits tax liability plus outstanding loan balance at time of write off that was outstanding will be borne by the relevant budget centre.

Section 3 - Procedure

(20) Nil.

Section 4 - Guidelines

(21) Nil.

Section 5 - Glossary

(22) 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 or entity who is paid by the University pursuant to the Charles Sturt University Enterprise Agreement, employment contract and other agreements, e.g. for payroll, scholarships and accounts payable.
c. Overpayment - means any payment made to a payee that exceeds the amount to which they are entitled. This includes salary, wages, allowances, scholarships, superannuation, and any other payments initially made through the University's payroll system.

Section 6 - Document context

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