



West Lothian  
Council

# Policy for Dealing with Salary Over/Under Payments



Human Resources  
Reviewed August 2014



## **POLICY ON DEALING WITH SALARY OVER/UNDER PAYMENTS**

### **1. POLICY STATEMENT**

- 1.1 The council has a duty to take reasonable care to ensure that employees receive the appropriate rates of pay, allowances and benefits in accordance with the terms of their contracts of employment. To assist the council in complying with this duty, employees should regularly check that they are receiving their correct contractual entitlements and report any unusual or unexpected variances to their line manager as soon as possible. Line managers must in turn, notify within strict pay processing deadlines, any changes to the terms and conditions or working arrangements of employees that are likely to affect their rates of pay.
- 1.2 In the event that an overpayment or underpayment occurs, the council aims to remedy the matter in a manner that is reasonable and fair to the employees affected whilst at the same time, fulfilling the council's duty to exercise care in administering public funds.
- 1.3 Under the terms of this policy, the council undertakes to remedy any underpayment at the earliest opportunity. Equally the council will timeously and effectively recover in full, all overpayments made in error or as a consequence of fraudulent actions. Recovery will be effected either by deduction from pay/salary or by other appropriate measures arranged through the council's Revenue Unit.
- 1.4 Employees are expected to co-operate with arrangements to recover payments made to them in error subject to the council taking account of any relevant personal circumstances and existing financial commitments.
- 1.5 Whilst the primary aim of this policy is to deal with salary underpayments and overpayments, the council acknowledges the importance of having robust human resources and payment systems and procedures in place to prevent or minimise the likelihood of those errors occurring.

### **2. SCOPE**

The policy covers current and former employees.

### **3. KEY PRINCIPLES**

The following principles will apply:

- 3.1 all incidences of salary underpayment or overpayment, will be dealt with according to the merits of each individual case;
- 3.2 incidences of underpayment will be addressed quickly and repayment of outstanding monies made in the next available pay cycle;

- 3.3 where incidences of overpayment are identified, the employee affected and other relevant parties will be notified as soon as possible and arrangements will be made to timeously recover any monies owed to the council;
- 3.4 appropriate measures will be considered in cases where an employee would experience genuine financial hardship arising from a significant underpayment or overpayment. This may involve the authorisation of an 'out of course' payment in the case of an underpayment or alternatively seeking to agree a realistic timeframe for recovery in the event of an overpayment. In either case, the amount of over/underpayment involved and the employee's personal circumstances including existing financial commitments, will be relevant considerations;
- 3.5 an employee who fails to notify of an overpayment situation in accordance with the terms of this policy and in circumstances where it is reasonable to conclude that they would have been aware of the overpayment, may be subject to the council's disciplinary procedures

#### **4. Monitoring**

The effectiveness of this policy will be monitored through service level agreements.

#### **5. Reviewing the Policy**

The policy will be reviewed as necessary in consultation with the recognised trade unions.

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