

**Audit, Risk and Governance Committee**  
Meeting to be held on Monday 31 January 2022

Electoral Division affected:  
(All Divisions);

**Update on Overpayment of Salaries**

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**Executive Summary**

Internal Audit have previously reported to the Committee an issue, identified as part of a payroll audit finalised in May 2017, with regard to overpayment of salaries mainly as a result of late notification by managers of salary changes, particularly of employees leaving the council. An update report was provided to the Committee in April 2018 and a further update was requested at the previous meeting of the Committee.

**Recommendation**

The Audit, Risk and Governance Committee is asked to note the report.

**Background and Advice**

Overpayments to employees are primarily the result of late notification by managers of salary changes, particularly of employees leaving the council. The Payroll Service has introduced measures to reduce numbers of overpayments and payments on account, including through raising awareness of the correct process with council managers and Heads of Service.

**Comparison of activity 2016/17 to 2020/21**

Table 1 below shows the volumes and values of overpayments during the financial year's 2016/17 through to 2020/21.

**Table 1**

<b>ALL LCC OVERPAYMENTS</b>		
	Number of Overpayments	Gross Amount Overpaid £
<b>2016/17</b>	<b>394</b>	<b>417,107</b>
<b>2017/18</b>	<b>263</b>	<b>292,381</b>

<b>2018/19</b>	<b>266</b>	<b>268,057</b>
<b>2019/20</b>	<b>676</b>	<b>459,496</b>
<b>2020/21</b>	<b>216</b>	<b>231,541</b>

### **Number and Value of Overpayments**

There was a significant decrease in 2020/2021 in terms of the number and value of overpayments. This decrease was particularly stark due to 2019/20 being an outlier caused primarily by two errors occurring in year:

- In Quarter 1 of 2019/2020, 111 overpayments were recorded. The error related to an Oracle system issue whereby standby payment claims were duplicated in late 2017 and early 2018. The total value of the overpayment value was £30,978.
- In Quarter 2, 359 overpayments were identified in the Public and Integrated Transport Service where the overpayments related to the service calculating holiday pay incorrectly via the CART submission for pay claims during the period April 2019 – June 2019. The total overpayment value was £20,390.

The volume and value of overpayments for the year to date continue the downward trend in occurrence and reflect some of the additional work taken within the service to reduce them including:

#### **Quarterly reporting and meetings with Heads of Service**

Heads of Service in the top 5 in terms of volume and value of overpayment receive quarterly reports detailing each overpayment.

#### **Duplicate Claim Report**

LCC services continue to receive a duplicate claim report each month to identify potential overpayments.

#### **Improved Payroll Guidance on Intranet**

The Payroll Toolkit has been redesigned to guide managers through payroll changes. New content includes a new overpayments section.

#### **Improved Oracle Guides on Intranet**

New Oracle guides for employees and managers have been devised and published.

#### **Payroll Deadline Reminders**

A schedule has been agreed with the Corporate Communications Team to post three payroll deadline reminders each month on the staff notices to encourage managers to submit claims, changes and terminations on time.

#### **Consultations**

N/A

#### **Implications:**

This item has the following implications, as indicated:

## **Risk management**

The principal risk is a financial one in terms of recovery of any overpayments made.

## **Local Government (Access to Information) Act 1985**

### **List of Background Papers**

Paper	Date	Contact/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A