



## Employer - Use Overdraft

This procedure will take you through the steps to progress an employer overdraft when an underpayment has been made on a deduction from earnings order (DEO).

This action will be dealt with by the employer account manager within the employer payments team.

When a DEO payment received from an employer does not match the schedule, the system will automatically generate a DEO Exception service request (SR) and allocate this to the employer account manager. If the employer is not assigned with an account manager the SR is allocated to an employer team leader, they will then delegate this to an employer payments team caseworker.

When a DEO Exception SR has been received and the employer account manager has completed the reconciliation, if they find that an underpayment has been made they will need to contact the employer to discuss the two options available.

- Make a one off payment. For more information refer to [Employer - Handle Missed Payment SR](#) and [Credit/Debit Card - One Off Payment](#)
- Use the employer overdraft.

Employers will be considered for the overdraft facility when:

- The amount is small in relation to the DEO total
- The account manager judges that the employer will pay the money owed in the next DEO period

Employer payments team leaders and the finance team are able to monitor employer overdrafts to ensure the levels are acceptable and that they are being repaid.

For more information refer to the Policy, Law and Decision Making Guidance 



 When speaking to clients always use the new terminology. For more information refer to [Terminology Changes](#).

### Determine underpayment and contact employer

 Note that an employer can only use the overdraft facility on one occasion, subject to approval from the banking and accounting team. Once approved, the maximum overdraft available is £150.

1. Once the deduction from earnings order (DEO) schedule has been reconciled, compare the employer account balance against the reconciled DEO schedule amount. For more information refer to [DEO - Reconcile](#). Select **Retrieve Schedule Total** and **Account Balance**.
2. Any difference will be recorded in the **Overdraft/Refund Amount** data field. An overdraft will be displayed in brackets ( ).
3.  Once an underpayment has been identified you will need to contact the employer or the agent authorised to administer the employer's DEOs.
4. Explain that there has been an underpayment and ask how the employer would like to deal with the shortfall of funds:
  - Make a one off payment, go to **step 5**.
  - Use the employer overdraft go to **step 9**.

### Collect Additional Payment

5. In the event the employer wishes to make a one off payment to cover the shortfall in the DEO and is willing to pay immediately you can take a card payment. For more information refer to [Credit/Debit Card - One Off Payment](#).
6. Where the employer is not able to make an immediate payment, but can make one at a future date in advance of their next DEO schedule payment, select the **DEO Additional Payment** non standard activity and set the **Due Date** as the date the employer has advised the payment will be made.

 Non standard activities can be found at the end of an activity plan. They are activities which cater for events that could cause progress of a service request (SR) to halt or require the caseworker to deviate away from the standard process.

7. The system will prompt you on the payment due date to check if the payment has been made. Once payment is received you can complete the reconciliation. For more information refer to [DEO - Reconcile](#).

8. If the employer fails to make the additional payment consider referring the employer to enforcement. For more information refer to [Employer - Refer To Enforcement](#).

## Use the employer overdraft

9. Where the employer wishes to use the employer overdraft facility they will need to make a promise to pay the shortfall amount in the next DEO period. If the employer refuses to make a promise to pay they will have to make a one off payment.
10. Access the DEO schedule, Exception SR, select **Notes**, update the SR with details of the underpayment.
11. Once the **Notes** are complete, you will need to update the SR:

- **Status = Pending Approval**
- **Sub Status = Pending Approval – TL**

Once this is complete the system will generate an inbox item and assign it to your team leader.

## Obtain approval and update system

### Team Leader action

12. Access the inbox item by going to 'Inbox' and selecting **Inbox Items List**, then select **Employer DEO Schedule Reconciliation - Overdraft Approval** and review the details.
13. To approve use of the overdraft, update the **Status** of the inbox item to **Approved**. Allocate the SR to yourself and update the SR:

- **Status = Pending Approval**
- **Sub Status = Pending Approval – Finance**

This will allocate an inbox item to a member of the finance team for consideration and approval.

14. To reject use of the overdraft, update the **Comments** with the reason and update the **Status** of the inbox item to **Rejected**. The system will then update the SR:

- **Status = In Progress**
- **Sub Status = Rejected**
- **Team Leader Approved = N**

If the overdraft is rejected an additional payment will be required, go to **step 5**.

### Finance team action

15. Following **step 13** the finance team reviews the request for an overdraft and either approves or rejects the request.
16. In the event that use of the overdraft is approved the SR will be updated:

- **Status = In Progress**
- **Sub Status = Approved**

17. If use of the overdraft is rejected the SR will be updated:

- **Status = In Progress**
- **Sub Status = Rejected**

The finance team will also complete the **Comment** box detailing the reason for the rejection. If the overdraft is rejected an additional payment will be required, go to **step 5**

## Update the System

18. Following **step 16** when the overdraft is approved, the SR will be returned to you. You will need to select the **DEO Schedule Updates** view and update overdraft amount with the sum of the overdraft and update the **Schedule Status** to **Force Post**, once updated select **Commit Updates**.
19. The system will match the amount input against the schedule in **Overdraft Amount** with the **Overdraft/Refund Amount** data field displayed in **Retrieve Schedule Total** and **Account Balance**. If the amounts do not match you will be prompted to verify the overdraft amount, select **Commit Updates**. Once completed this will commit the schedule to BaNCS.

[Credit/Debit Card - One Off Payment](#)

[DEO - Enforced](#)

[DEO - Reconcile](#)

[DEO - Self Selected - Set Up](#)

[DEO - Update](#)

[Employer - Handle Missed Payment SR](#)

[Employer - Provide Refund](#)

Employer - Refer To Enforcement

Terminology Changes

Is there a minimum amount due before we refer to enforcement?

No, enforcement action can be considered when an employer fails to comply with a DEO regardless of the amount.

Will the employer use the overdraft facility when the paying parent only has protected income?

No, the employer is not expected to use the overdraft facility in this instance.