

## APPENDIX B

### ***Q: Why do Overpayments occur?***

Salary overpayments can occur for a number of reasons in any organisation.

These include, but are not limited to, delays in applying, approving or processing pay-impactful absences, including sick leave absences or other leave arrangements, and errors in calculating allowances, payroll or expenses.

A key factor giving rise to overpayments is that the majority of staff are paid in advance as opposed to arrears. As a result there is an inherent overpayment built into the system where sick leave limits are exceeded or where other pay impacted absences occur. Other lesser causes are non-compliance with procedures such as late notifications of absences, and these are being addressed by management in each participating PSB

It is the case that the introduction of the Public Service Sick Leave Scheme and reduction of access to paid sick leave is giving rise to a significant level of overpayments. Quite simply people are reaching the limits of sick leave quicker than they previously would have.

Notwithstanding this there are significant savings circa €50 million made in the cost and incidence of sick leave across the Public Service since the introduction of the new Public Service Sick Leave Scheme. A review of the Public Service Sick Leave Scheme is underway to evaluate the effectiveness of the Scheme and to address any operational difficulties with it.

### ***Q: How are Overpayments being managed?***

Once an organisation becomes a customer of PeoplePoint, the responsibility for recouping any monies owed transfers to PeoplePoint, regardless of the cause or date of overpayment.

Prior to the introduction of the new sick leave circular in 2014 each Civil Service Body interpreted, managed and administered overpayments separately within different functions of their own department. Consequently there is no centralised baseline nor standardised overpayment information to compare with.

PeoplePoint is now servicing 30,000 employees across 35 Public Service Bodies, so for the first time it is possible to report on the total amount of overpayments centrally for these Bodies.

There has been a tremendous collaborative effort across all participating PSBs to fully understand the overpayment data and root causes and finally reach the point where there is a centralised single source of truth on overpayments. This data is being used to drive

compliance with the sick pay circular and the self-service responsibilities that shared services creates. The data shows a positive trend; the incidence of overpayments is reducing, and there is improved consistency in recovery of overpayments.

***Q: What is the current Overpayment balance?***

The Shared Services Appropriation Account 2014 noted that overpayments to 1,374 individuals had an estimated value of €2.35 million. This included some cases pre-dating the creation of PeoplePoint in 2013. Recoupment plans were put in place for 442 of those cases by end of that year.

The National Shared Services Office, through PeoplePoint and the Payroll Shared Services Centre, continue to engage with Public Service Bodies on the identification and reporting of overpayment cases and agreement of recoupment plans.

***Q: How have you tackled the Growing issue of Overpayments?***

A suite of measures have been put in place by my Department to address the Overpayments issue:

1. A **cross-departmental working group** was established in October 2014 comprising representatives from local HR, Civil Service HR Policy unit and PeoplePoint management team, OGCIO HR technology lead and it is chaired by an Assistant Secretary from the Department of Social Protection.

The Group was tasked with examining the end-to-end overpayment steps and processes, reviewing current practice and volumes, identifying failure points, immediate and short-term actions and identifying process changes to minimise new risks.

The Group's initial focus was on absence management and this pointed to the changes in sick leave circular.

The revisions to the Public Service Sick Leave circular that has decreased absenteeism by reducing access to paid sick leave has had the unintended consequence of increasing the occurrence of overpayments. A review of this circular is currently underway within my Department.

The Working Group has progressed a **number of other remediation measures**, primarily in the technology and process space:

- Streamlining of the absence process itself
- Redefining and improving how PeoplePoint works with Payroll Centres to progress overpayments
- Issuing a weekly report to all client Personnel Officers that gives clear information on employee absence data and compliance with absence reporting requirements. This information is assisting local management to address the issue of non-compliance with the absence process and its impact on overpayments.
- The Working Group identified that approximately 40% of overpayments can be attributed to employees failing to carry out their notification responsibilities such as submitting medical certificates within the required timeframes and to a lesser extent delays by Line Managers to notify of absences. These are being addressed by Local HR.
- In addition, errors or delays in processing by PeoplePoint as new staff come up to speed has accelerated the problem. All of these are being addressed.
- A robust Communications Plan has been put in place to educate and alert managers on the impact of failing to carry out their responsibilities in the absence process that causes overpayments. This Global Alert was subsequently issued by my Department to all staff serviced by PeoplePoint.

My Department continues to engage with local HR Departments to assist them address the issue of non-compliance with the absence reporting process itself and to have a positive impact on their own Departmental overpayment balance.

2. A **single civil service recoupment policy** was developed by my Department in March of this year which sets out the standard procedure for recouping money from any staff member when an overpayment occurs.

This policy addresses a number of issues including the principles underpinning the recoupment of overpayments; the recoupment process itself; non-standard arrangements and repayment options.

***Q: What about high-value cases within the system? How are you tackling those cases?***

PeoplePoint carry-out a quarterly review of the **Top 100 High-Value Cases**.

These cases are prioritised for recoupment and their progress is tracked and reported to the HRSCC Programme Board on a monthly basis.

**As at 31<sup>st</sup> October 2015 these high-value cases range in value from €25,000 to €5,000.**