

10 Shared Services — Management of Salary Overpayments

10.1 The concept of administrative 'shared services' involves the provision of common corporate services to a number of organisations by a separate service provider. The National Shared Services Office (Shared Services) was set up in 2014 and is responsible for delivering shared services, mainly for civil service departments.¹ Shared Services is an administrative office within the Department of Public Expenditure and Reform.²

10.2 Shared Services currently consists of two services

- PeoplePoint — which provides a human resource (HR) and pensions administration service
- Payroll Shared Service Centre (PSSC) — which provides a payroll and pension payment service.

10.3 At the end of 2016, 39 departments had transferred HR functions to PeoplePoint and 43 had transferred payroll to PSSC (see Figure 10.1).

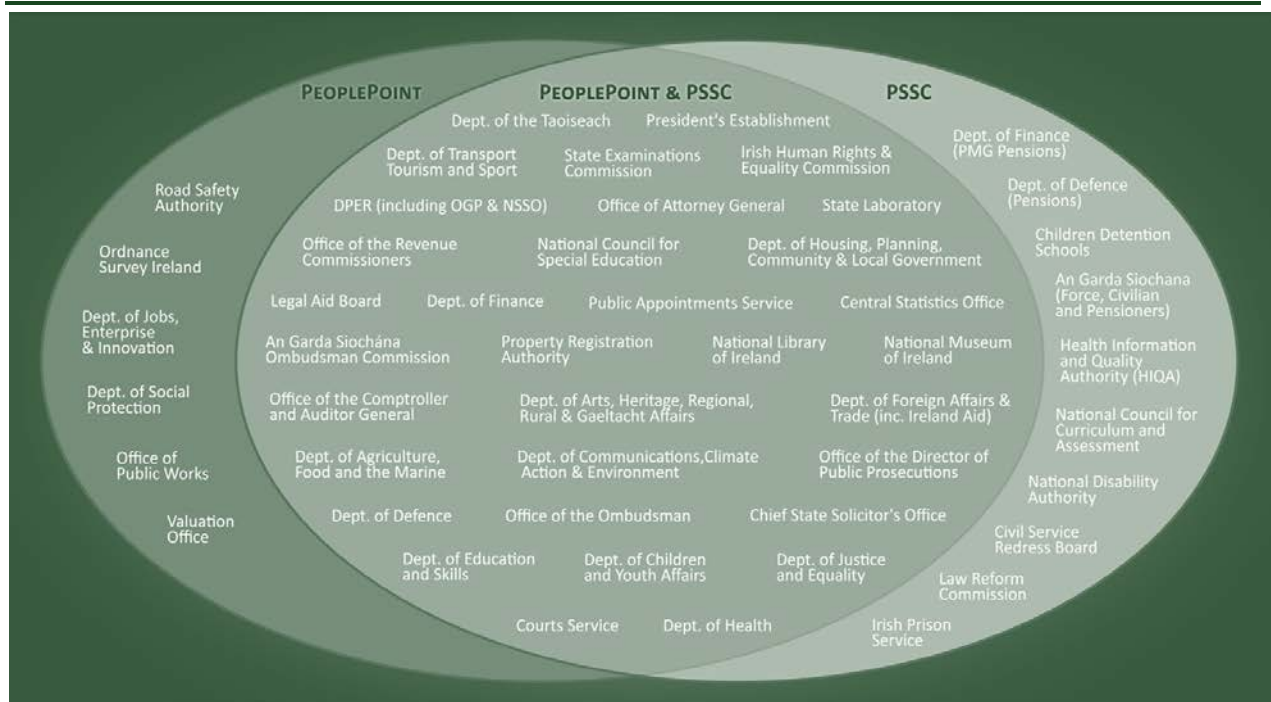
10.4 Through PSSC, Shared Services processed payroll payments of €3.2 billion relating to 102,401 employees in 2016. There are 2,438 weekly, 1,482 fortnightly and 192 monthly payroll and pension payment runs processed. Salary and pension payments for the departments to which PSSC provides payroll services are charged to the appropriation account or financial statements of those bodies. The audits of those bodies did not find any material errors in the payroll charges for 2016.³

1 Reference to departments in this report includes all government departments, offices and agencies availing of shared services.

2 The Secretary General of the Department of Public Expenditure and Reform is the Accounting Officer for Vote 18 National Shared Services Office.

3 The audits of all but a number of small bodies had been completed when this report was finalised.

Figure 10.1 Departments under the remit of the National Shared Services Office



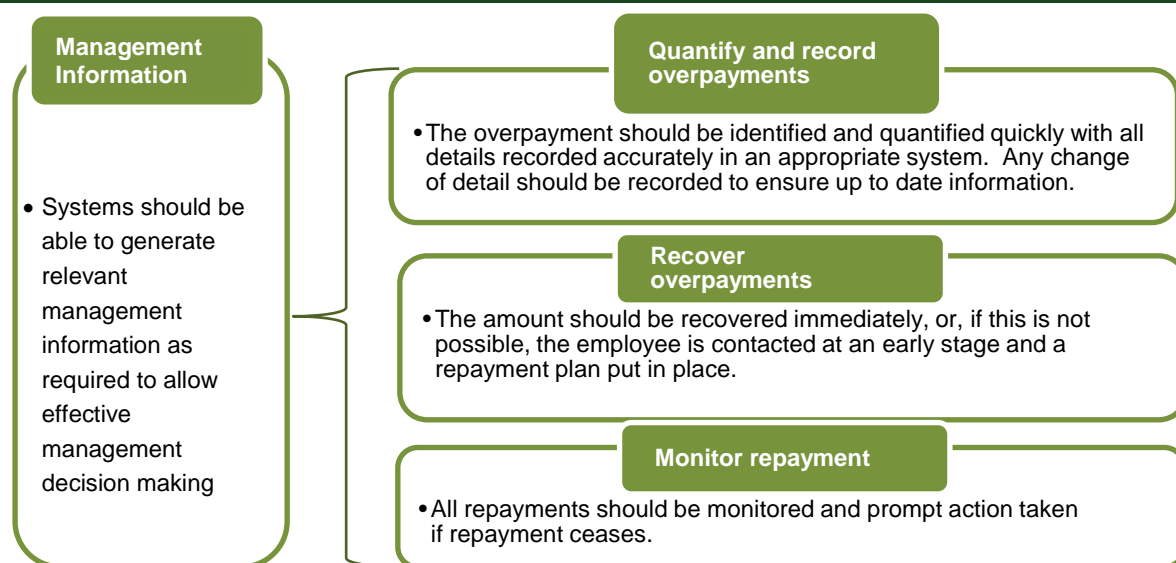
Source: National Shared Services Office

- 10.5** Shared Services undertakes functions on an agency basis. In order to give assurance to its clients, Shared Services engaged independent firms of accountants to conduct assessments of its control system. A number of assessments have been completed.
- 10.6** A programme board for PeoplePoint first met in November 2011. The board was chaired by an official of the Department of Public Expenditure and Reform and met monthly to discuss all areas of operations. Its members included representatives from a number of departments — Employment Affairs and Social Protection, Agriculture, Food and the Marine, Central Statistics Office, Revenue Commissioners and Transport, Tourism and Sport.
- 10.7** The programme board has been replaced by a Customer Service Group and an Employee Shared Services Strategy Committee. The groups first met in February and March 2017, respectively. Both groups have cross departmental representation and meet on a quarterly and bi-monthly basis, respectively.

Salary overpayments

- 10.8** Shared Services has reported to its client departments that salary overpayments totalling €4.6 million were outstanding at the end of 2016. In order to address the issue it has put in place a salary overpayments working group which meets monthly. The main objective of the group is to develop recommendations and review their implementation. Its members are representatives of the departments of Employment Affairs and Social Protection, Agriculture, Food and the Marine, Public Expenditure and Reform, the Revenue Commissioners and PeoplePoint management.
- 10.9** It is inevitable some salary overpayments will occur given the scale and complexity of the payments involved. When overpayments arise, it is important that they are managed effectively. A system capable of providing information in relation to individual overpayments as well as management information at an aggregate level is key in underpinning the management of overpayments. Figure 10.2 sets out a good practice framework for the management of salary overpayments, based on debt collection principles published by the Department of Public Expenditure and Reform.

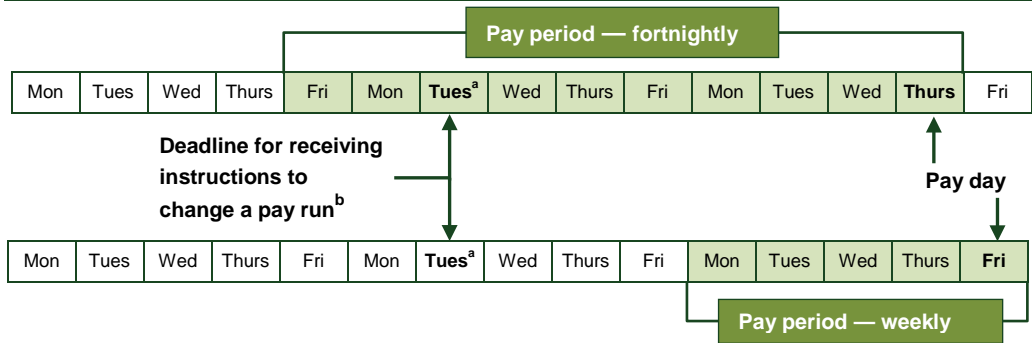
Figure 10.2 Good practice framework for the management of salary overpayments



The causes of overpayments

10.10 Figure 10.3 outlines the PSSC timeline for processing payroll. Typically, instructions for a pay run must be provided to PSSC more than a week in advance of the planned pay day. Where an issue that requires an employee’s pay to be reduced for a pay period is only identified and/or notified after the payroll has been processed, an overpayment will arise.

Figure 10.3 Payroll processing by PSSC



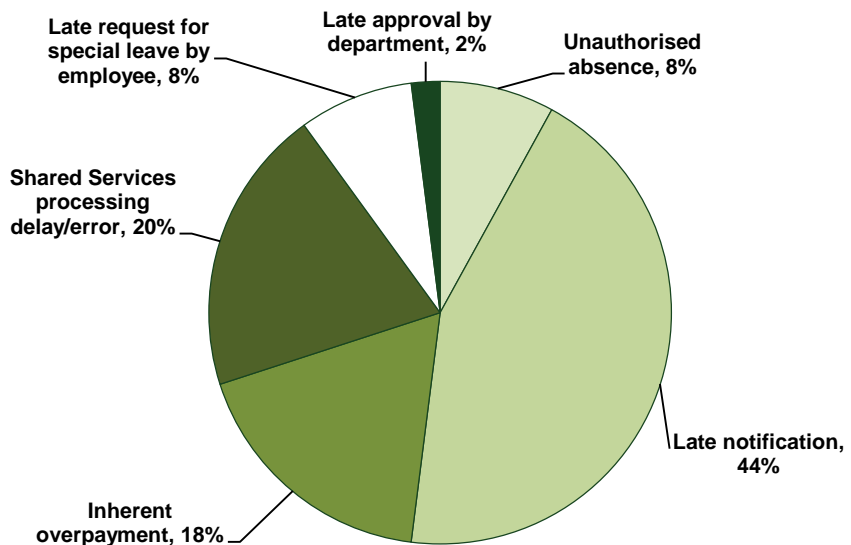
Source: National Shared Services Office

- Notes:
- a The instruction to change a pay run must be received before 1pm.
 - b At certain times of the year, for example at the year-end, the payroll is run further in advance, and the period to make adjustments is further reduced or eliminated.

10.11 The cut-off for processing changes to the payroll is 6.5 working days in advance of pay day in the case of fortnightly paid staff and 7.5 days in the case of weekly paid staff. Shared Services has indicated that this requirement for advance processing includes time for the client departments to transfer the necessary funds to Shared Services and to ensure the bank can make payment on the appropriate day.

10.12 For this examination, a random sample of 50 overpayment cases was reviewed to identify the reason for the overpayments. The results are set out in Figure 10.4.

Figure 10.4 Causes of overpayments — sample of cases

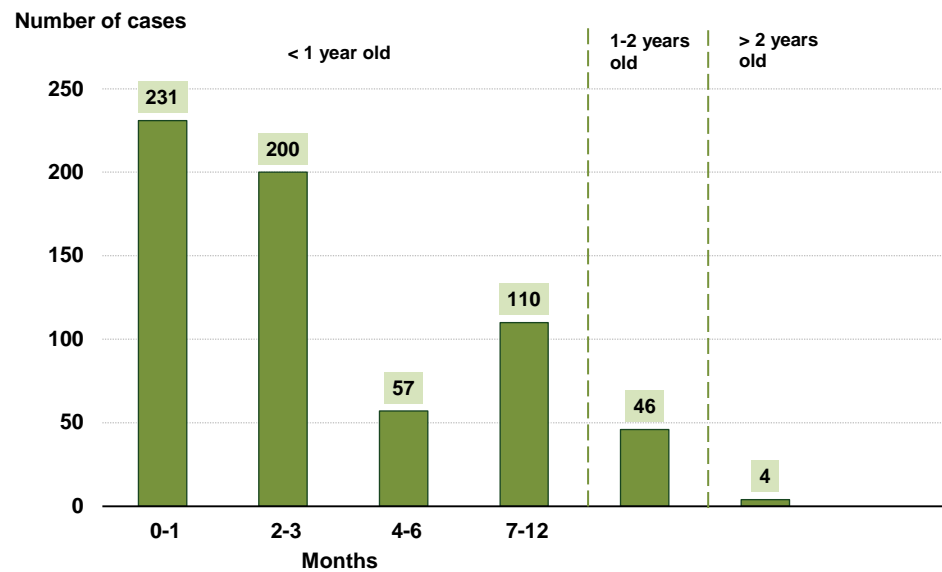


Source: Office of the Comptroller and Auditor General

- 10.13** Late notification of the request for a payment reduction is the reason for overpayment in the majority of cases reviewed. In the sample examined, this mainly occurred because PSSC were only notified weeks, and in some cases months, after an employee was put on 'zero rate' of pay or reduced rate of pay due to sick leave. There can be late notification by the relevant department to PeoplePoint and/or by PeoplePoint to PSSC.
- 10.14** An inherent overpayment usually occurs where an absence is notified for a pay period for which the payroll has already been processed. An inherent overpayment can also occur where an individual's employment ends but they have
- annual travel pass deductions not fully recouped or
 - taken excess annual leave.
- 10.15** This examination has identified two ways in which overpayments arise, but which are currently not captured by Shared Services.
- The Department of Public Expenditure and Reform instructed that, with effect from January 2011, deductions of pay for days of absence should be calculated at a standardised rate of one-fifth of weekly pay and not at the rate of one-seventh of weekly pay. Accordingly, staff paid on a fortnightly basis should have absences calculated as one-tenth of the fortnightly pay for each day absent. However, PSSC calculates deductions at a rate of one-fourteenth. As the rate of deduction using this method is less, an overpayment occurs each time but it is not currently recorded. Shared Services has stated that it is in discussions with the Department of Public Expenditure and Reform and clarification of the deduction rule is being sought.
 - Officers appointed at the grade of assistant principal or higher since December 2011 are entitled to 30 days annual leave. Currently, PeoplePoint are allocating 32 days to some of these officers resulting in a potential overpayment. Shared Services has stated that it is examining all cases where more than 30 days annual leave has been allocated as there may be valid reasons for such allocation. When the examination is concluded, PeoplePoint will pursue recoupment of any overpayments identified.

Quantifying and recording the overpayment

- 10.16** To enable the process of recovering an overpayment to commence, it is first necessary to quantify the amount and record all relevant details accurately.
- 10.17** Departmental employee records are updated and maintained on a human resource management system (HRMS) operated by PeoplePoint. Individual salary overpayments are also managed by PeoplePoint on a separate case management system (CMS). When an overpayment is identified, a case is created in CMS. The amount of the overpayment is calculated and recorded in both CMS and HRMS, and the recoupment process begins. A separate case and case number is created on CMS for each overpayment. As a result, an individual employee can have a number of overpayment cases.
- 10.18** At the end of 2016, there were 648 CMS overpayment cases for which no value had yet been recorded. One in four of these cases was over six months old (see Figure 10.5). Based on the average value of all cases created in 2016 where a value had been calculated, the total overpayment in these cases could be of the order of €650,000.

Figure 10.5 Overpayment cases without a value at December 2016, by age^a

Source: National Shared Services Office. Analysis by the Office of the Comptroller and Auditor General.

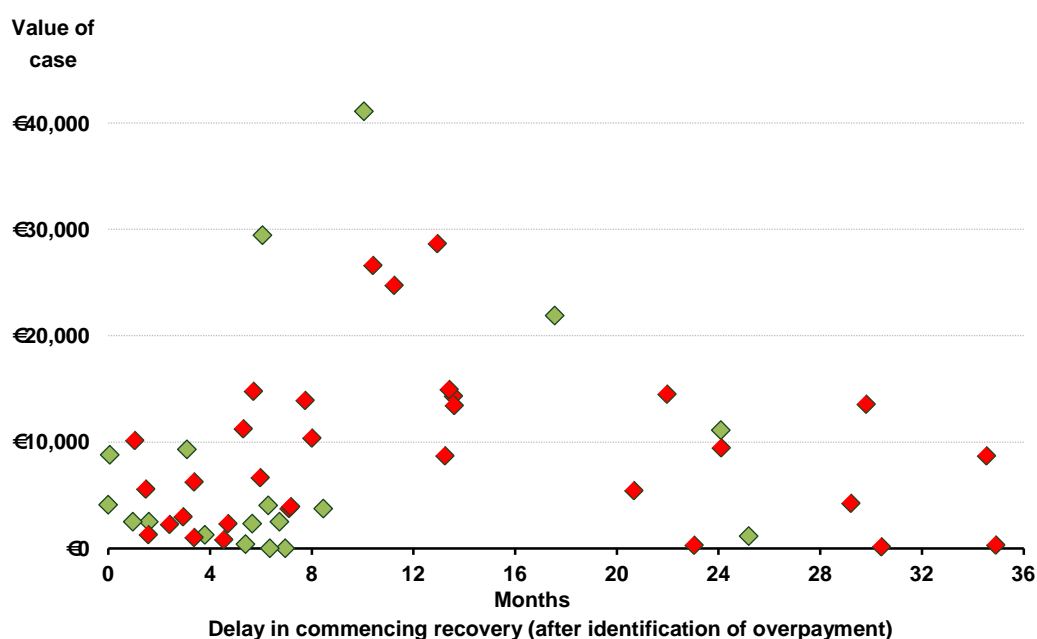
Note: a An employee can have a number of overpayment cases.

Recovering overpayments

- 10.19** To commence recovery of an overpayment, PeoplePoint send a letter of notification to the employee, setting out the options available for repayment. The policy is to recover on the basis of a minimum deduction of 8% of gross salary per pay period or within 12 months, whichever is sooner. Where an employee has taken unpaid leave, either unplanned or at short notice, or exceeds the permitted limits for uncertified sick leave, the policy provides for full repayment on the next available pay date or all subsequent pay dates until the amount is fully recouped. Follow up letters are sent where there is no response to the letter of notification. Recovery should commence, at the latest, five weeks after notification in cases where the employee does not respond.
- 10.20** When a repayment plan is agreed, the case is closed in CMS and the agreed plan is recorded in HRMS. If a repayment plan is by regular deductions from the employee's salary, an instruction is issued to PSSC.¹ The amount subsequently deducted and the reducing balance of the overpayment is recorded on the relevant payroll system. The reducing balance is not recorded in CMS or HRMS.
- 10.21** In its service management agreement with its clients, PeoplePoint has a target of ten days to put a recoupment plan in place and aims to achieve this in 90% of cases. Based on examination of a sample of 50 cases which had overpayment values recorded on the CMS, this is rarely achieved (see Figure 10.6).²
- 10.22** In response to the findings of this examination, Shared Services has stated that although not specifically set out, the ten day target refers to the time to put a recoupment plan in place once the value of the overpayment is confirmed. The 2017 service management agreements set a revised target of commencing deductions within 40 days (maximum of 50 days) of the relevant department giving approval to recoup the overpayment.

¹ Where a department's HR functions have transferred to PeoplePoint but it continues to process its own payroll, the instruction is issued to the departmental payroll section.

² Sample selected on a stratified (case status) sample basis.

Figure 10.6 Time taken to process overpayments, by overpayment value — sample cases

Source: National Shared Services Office. Analysis by the Office of the Comptroller and Auditor General.

◆ Case classified as closed prior to 31 December 2016 ◆ Case open at 31 December 2016

10.23 Of the sample CMS cases examined, 18 had been classified as closed by PeoplePoint – five had been cancelled, six had been referred back to the relevant department for processing, and recovery plans were agreed in seven cases. The average processing time of the seven cases that had been closed with a recovery plan in place was five months. Only two cases had been processed within the ten day target — both of these were cancelled as it was established that there was no overpayment. Two thirds of the closed cases were under €5,000 in value each.

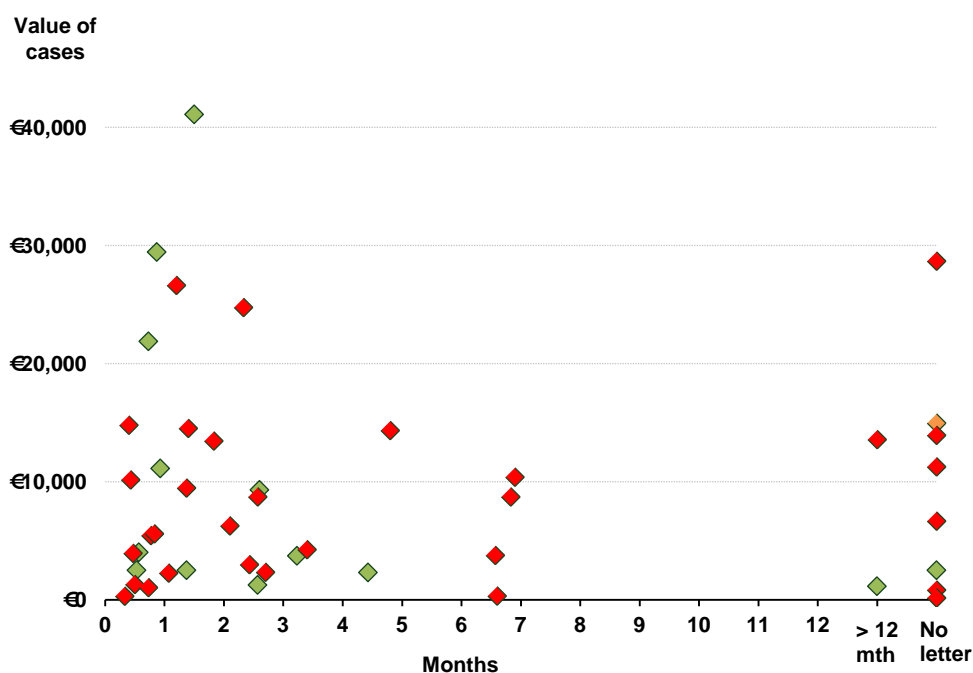
10.24 Most of the cases reviewed (32 of 50) were still being processed at end 2016, and had no recovery plan in place. The average processing time at that date was already 13 months. Nearly two thirds of the overpayment amounts in those cases were over €5,000 each.

10.25 Employees need to be notified by way of letter in order to put a recoupment plan in place. Letters should be issued as soon as possible notifying the employee of the amount owing and any subsequent letters should be issued within the prescribed timeframe. Figure 10.7 sets out the time taken to issue the notification letter in the sample cases.

10.26 At 31 December 2016, a notification letter had not been sent in eight cases. Nevertheless, two of those cases had a recovery plan in place at the year end and one had been closed on CMS. The average processing time (to end 2016) of the remaining six was 11 months and the total amount outstanding was just over €61,000.¹

¹ Three of the six cases had notification letters sent in 2017.

Figure 10.7 Time taken to issue notification of overpayment letter, sample cases, at 31 December 2016



Source: National Shared Services Office. Analysis by the Office of the Comptroller and Auditor General.

Notes: The graph excludes the five cancelled cases.

◆ Closed case

◆ Case open at
at 31 December 2016

◆ Recovery plan in place but not formally
closed at 31 December 2016

10.27 Letters of notification had issued in the remaining 37 cases examined. The average time taken to issue the notification from when the overpayment case was created on the system was 13 weeks. In one case with a recorded overpayment value of €13,500, it took just over a year to issue the letter of notification. Overpayments had been repaid or recoupment plans were in place at 31 December 2016 for only six of the 37 cases.

Management of legacy cases

10.28 Shared Services considers that it is responsible for recouping salary overpayments arising after a department transfers functions to it, and that the relevant department is responsible for managing all overpayments known at the date of transfer i.e. 'legacy cases'. This division of responsibility for overpayments does not appear in the agreement of responsibilities signed each year by Shared Services and each department.

10.29 At the point where functions are transferred to Shared Services, it issues the client department with a formal analysis report. The respective responsibilities for legacy cases was not set out for the 25 departments who transferred functions before July 2015. Analysis reports provided to the 14 departments who transferred functions after that date did set out the respective responsibilities. Shared Services has stated that this was because there was no obvious issue in relation to overpayments until after the change in public service sick leave entitlements took effect.

10.30 The management of legacy overpayment cases was examined in four departments

- Department of Employment Affairs and Social Protection
- Department of Agriculture, Food and the Marine
- Central Statistics Office
- Property Registration Authority.

10.31 Both the Department of Employment Affairs and Social Protection and the Department of Agriculture, Food and the Marine confirmed their understanding that they are responsible for the management of legacy cases.¹ A sample of legacy cases at the date of transfer was reviewed in each department.

- Department of Employment Affairs and Social Protection — a sample of 20 legacy cases with a combined value of €78,600 was reviewed. While eleven cases had a recoupment plan in place at the date of transfer, there was no evidence of management of recovery since then. Likewise, there was no evidence of attempts to recoup the overpayments in the nine cases where no recoupment plan was in place. The Department has stated that it is now reviewing all legacy overpayment cases and is putting plans in place for recoupment of monies owed.
- Department of Agriculture, Food and the Marine — a sample of 20 legacy cases with a combined value of €62,700 was reviewed. Half of the cases had a recoupment plan in place at the date of transfer. For the remaining ten, there was no evidence of management of the overpayment since that date. For one of these, Shared Services made attempts to recover the amount owed without success and subsequently referred it back to the Department. The Department has indicated that it is planning a programme of work on the cases without a recoupment plan in place which will be informed by its involvement in the Shared Services salary overpayments working group.

10.32 Both the Central Statistics Office and the Property Registration Authority expressed their understanding that the management and pursuit of legacy cases is the responsibility of Shared Services.***Former employee ('off pay') cases*****10.33** In addition to legacy cases, Shared Services decided that departments would manage overpayment cases where the individual is no longer employed and Shared Services had sent three letters without response. These are termed 'off pay' cases. However, this decision was not formally communicated to the departments. Shared Services was unable to provide the examination team with a schedule of 'off pay' cases with definitive values.**Monitoring repayment****10.34** Recovery of an overpayment by regular deduction from pay (or pension) should be monitored to ensure full recoupment and to address in a timely manner cases where deductions from payments cease, for whatever reason. There is no evidence that recovery plans are monitored to ensure full recovery.**10.35** The examination identified overpayments totalling €50,000 to four individuals where payroll deduction recovery plans had been put in place but payroll reports indicated that deductions were not taking place at the end of 2016.

¹ The Department of Employment Affairs and Social Protection transferred to PeoplePoint in February 2014 and the Department of Agriculture, Food and the Marine transferred in March 2013.

- 10.36** Shared Services has pointed out that the deductions for three of the individuals are processed through a departmental payroll system because that department continues to process its own payroll. There is no system in place for notifying PeoplePoint if these deductions stop in order for PeoplePoint to recommence recovery procedures. Similarly, there is no mechanism to notify PeoplePoint if deductions stop for individuals whose payroll is processed by PSSC.

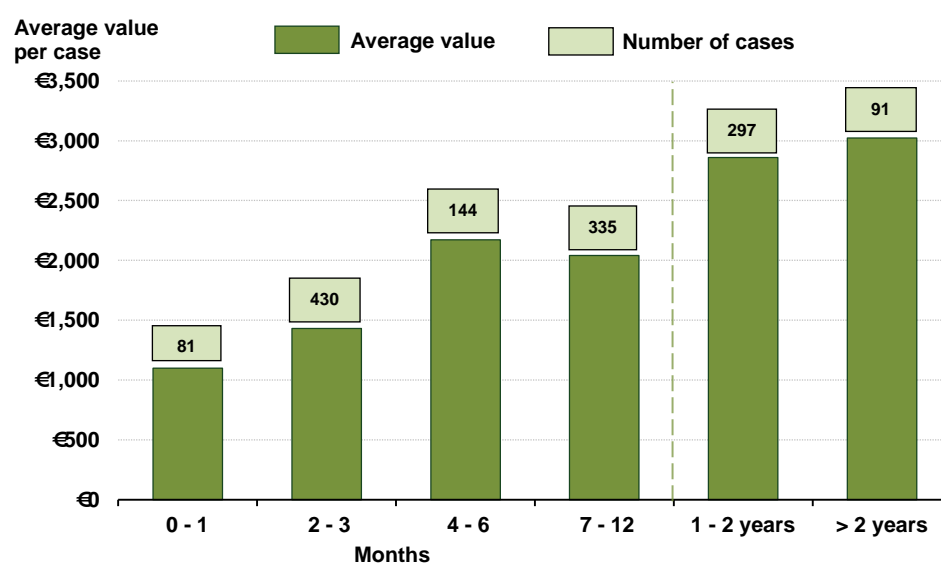
Management information

- 10.37** The systems Shared Services use to manage salary overpayments do not facilitate the generation of reports with information relating to a date in the past. If information is required for a certain point in time, the report must be generated on that date. In addition, the unique identifier in CMS is the case number while in the payroll system the employee number is used. Both systems do contain the PPSN but there is currently no process to match and reconcile the information on the two systems.

Age analysis of debts

- 10.38** The systems used by Shared Services cannot generate an age analysis report. The CMS generates a daily report listing every case. Shared Services has indicated that this is used to prioritise older cases. This examination analysed 1,378 cases without a recovery plan. The total value of these cases was €2.8 million. Over a quarter of cases, representing 40% of the value, had been on hand for more than a year (see Figure 10.8).
- 10.39** The average value of the overpayment is significantly higher for cases that are taking a long time to process. This suggests that targeted work on older cases could have a beneficial impact on the amount outstanding. PeoplePoint has not performed targeted work of this nature to date. Shared Services has stated that a special programme to clear older cases will commence shortly.

Figure 10.8 Age analysis of overpayment cases without a recoupment plan in place at 31 December 2016



Source: National Shared Services Office. Analysis by the Office of the Comptroller and Auditor General.

- 10.40** The examination found that the largest overpayment recorded without a plan in place is €38,000. The overpayment was created in August 2016 and categorised as a process error. The case was put on hold in September 2016 as the person was on zero rate of pay. Arrears of approximately €10,000 due to the employee were off-set against the overpayment, but this has not been reflected in CMS.

Level of recoupment

- 10.41** In 2016, 4,419 overpayment cases with a value of €4.4 million were closed. Due to the limitations on the information available, the examination cannot quantify how much of this amount had been recovered at the year-end. Shared Services only has information relating to deductions that take place through PSSC. It does not have sight of information relating to deductions that take place through departmental payrolls. No information is available in relation to overpayments recouped through one-off repayments or by way of deduction from retirement lump sums or pensions. In addition, the payroll reports generated by PSSC reflect deductions on a employee number basis rather than on a case basis.

Reporting at year-end

- 10.42** Shared Services reported to client departments that the amount of salary and pension overpayments outstanding at the end of 2016 was €4.6 million, comprising
- €2.8 million for open cases with no recovery plans in place and
 - €1.8 million being the reducing balance of some cases with ongoing recovery plans in place.

In order to establish this year-end figure, Shared Services staff undertake a substantial amount of manual intervention and manipulation of data extracted from the systems used.

- 10.43** This examination reviewed a random sample of 50 cases with a total value at the year-end of €77,000 to provide assurance on the figures reported to departments. The review compared the value of the cases as reported to the actual value per the CMS. Six of the 50 were found to be misstated in the year-end report with an error value of almost €17,000 representing an error rate of 22%.¹

- 10.44** The year-end figure extracted does not take account of a number of values — some which Shared Services should have and some which are only available from departmental systems. The values excluded are the amounts recouped
- by 'one-off' repayment
 - via pension lump sum/deductions
 - where salary deduction is processed outside Shared Services.

- 10.45** Also excluded from the reported year end figure are the outstanding balances of
- cases closed but deductions stopped prior to the year-end
 - cases closed but deductions processed outside Shared Services
 - legacy cases
 - cases closed and referred to local HR
 - cases where no value has been attributed.

¹ Three cases were overstated by a total of €11,300 and three cases were understated by a total of €5,400.

- 10.46** The total overpayments outstanding as reported in the appropriation accounts of the Votes for which PeoplePoint provide a HR function is €7.5 million.
- 10.47** Shared Services systems and processes are not capable of providing information on the overall overpayment activity in the year which would enable the amount outstanding to be reconciled. Such a reconciliation is an essential control feature and typically involves adjusting the opening balance of overpayments outstanding for activity in the year (new overpayments identified, amount recouped and any adjustments or cancellations) and agreeing the resulting amount to the year end figure extracted from the system. An illustrative format for such a reconciliation is shown in Annex 10A.

Views of the Accounting Officer

- 10.48** The Accounting Officer has stated that Shared Services is at an early stage of maturity and, while accepting that there will always be a running balance of overpayments, he believes it is getting closer to the minimum number. Shared Services provides greater transparency to the issue of salary overpayments and it brings a standard way of managing overpayments for all staff.
- 10.49** The value of overpayments in 2016 represents less than half of one percent of the paybill. Therefore over 99% of the paybill is being administered effectively. The reform of sick leave in the public service has created standardisation of administration and removed significant legacy issues, while also creating an increase of overpayments primarily because staff are reaching sick leave thresholds earlier. Nearly 20% of overpayments relate to a small number of staff with high absenteeism. A recent examination of the causes of overpayments, assisted by an external consultant, found that the total processing error and delay attributed to Shared Services is 20%.
- 10.50** In 2016, PeoplePoint administered over 200,000 transactions and answered 77,500 telephone calls. PSSC administered 4,112 payrolls with an annual value of €3.2 billion. This level of delivery was acknowledged in the award of the CCMA Shared Services Award 2015 to PeoplePoint.¹
- 10.51** In 2016, the payroll of nine organisations with 25,000 employees transferred to PSSC and four organisations with 4,400 employees transferred to PeoplePoint. When an organisation transfers, there is a period where legacy practices come to light. These practices are examined and worked through before they are revised. It is accepted across the shared services sector that it takes time to properly embed operational practices and new ways of working.
- 10.52** For the period under review, all elements of the overpayment cycle were not managed by Shared Services in all cases. A number of departments that transferred HR functions to PeoplePoint were still processing their own payroll. In these cases, Shared Services did not have sight of all recoupments made or balances outstanding as reported in appropriation accounts.

¹ Customer Contact Management Association.

Conclusions and recommendations

- 10.53** Currently, the systems in place in Shared Services do not provide the necessary management information to allow for effective management of salary overpayments. The key information not available includes the overall amount of overpayments, the amount recovered, the total amount outstanding, age analysis of cases and the level of recovery. Information is not collated about the amount recovered via one-off payments or recouped via pension lump sum deductions. Therefore, there is no effective way to measure the change in the level of overpayments or to determine the level of performance of Shared Services in relation to the management of salary overpayments.
- 10.54** There are further limitations as Shared Services' systems cannot generate information relating to a date that has passed — reports only provide information as at the date they are produced.
- 10.55** Ideally, the reports available from the system would facilitate monitoring of debt management activity to allow an assessment of the effectiveness of efforts to recover overpayments and to inform targeted work that is required.
- 10.56** Extensive manual intervention and manipulation is required in order to calculate an amount outstanding at the year-end. The examination found a sample error rate of 22% in the value reported for cases with no recovery plan in place. In addition, the reported year-end figure does not include all overpayments.

Recommendation 10.1

Shared Services should review current systems and consider ways of obtaining the management information necessary for effective management and reporting of salary overpayments. In addition, Shared Services should conduct a review of the year-end reporting process in order to minimise the risk of misstatement and to ensure that all money recouped in the year is recorded and reported.

Accounting Officer response

Agreed. The limitations in reporting are being targeted by reporting development activity currently underway. The development of a reporting system for the provision of financial information for client departments to support the preparation of the appropriation accounts is a key priority. A development to provide payroll information on a case-by-case basis to include gross overpayment, recouped amount and reducing balance is currently being tested. This will be brought together with data held in CMS using the combination of the case number and the PPSN. A pilot test for the Revenue Commissioners is scheduled. The goal is that reports with detailed data will be provided to all clients from the first week of October.

Shared Services can only report on those elements of the overpayment cycle it manages. Where a client is served only by PeoplePoint and processes its own payroll, Shared Services will not have sight of recoupments made or the reducing balance. Similarly, where clients are in PSSC and not in PeoplePoint, the reporting on overpayments will be limited to overpayment values and reducing balances.

A workaround is in place to support reporting of overpayments at year end and reports are retained for future reference.

- 10.57** Responsibilities for cases that existed at the time a department transferred to Shared Services as well as some cases that are classified as 'off-pay' are not set out in the service management agreement between Shared Services and each department, or otherwise formally agreed. There appears to be a lack of clarity in some departments in relation to the respective responsibilities.

Recommendation 10.2

Shared Services should formally agree with departments where responsibility lies for each category of salary overpayment to ensure that all overpayments are managed actively and effectively.

Accounting Officer response

Agreed. Shared Services will formally communicate with Personnel Officers setting out the position with regard to responsibility for legacy cases. This will also be reflected in the next version of the employee services management agreement. In relation to 'off-pay' cases, a communication will issue formally from Shared Services to all Personnel Officers.

- 10.58** The amount of overpayment had not been calculated for 648 cases at the year-end. Based on the average value of cases where the overpayment had been quantified, the value of these 648 cases could be of the order of €650,000 or 14% of the value reported to departments. A quarter of such cases are over six months old. Delays in recording the value of an overpayment means the recovery process cannot begin, which may make it more difficult to ultimately ensure full recovery.
- 10.59** Delays are also evident in relation to commencing recovery in cases where the overpayment value has been calculated. At the year-end, there were 388 cases (value €1.1 million) outstanding for more than a year with no recoupment plan in place. The older cases tend to have a higher average value.
- 10.60** Review of the recovery action in a sample of cases identified that, where a notification of overpayment letter had issued (37 of 50 cases), the average time taken to do so was 13 weeks. Six cases open at the year-end had not received a letter. One of these, with an overpayment amount outstanding of €29,000, was open for over a year.

Recommendation 10.3

Shared Services should conduct a review of the cause of delays in recording an overpayment value and effecting a recoupment plan in order to achieve timely recording and commencement of recovery of salary overpayments. In addition, regular analysis of the information available would inform areas for targeted work.

Accounting Officer response

Agreed. A comprehensive programme is already underway to address the multiple causes of delay in processing. Operational reports are used on a daily and weekly basis to monitor and manage the workload and to reflect progress and flows of data on new cases and cases closed. A summary report issued monthly to the programme board during 2016.

As each department transferred, PSSC inherited a number of legacy cases where overpayment values were required to be calculated. With an average of 400 new overpayment cases arising each month, there will always be around 200 to 300 cases in the process of being calculated at any given time. There are some dated and complex cases outstanding at present and PSSC is working to clear these as soon as possible.

- 10.61** In relevant cases, overpayments can be recovered by deduction from salary or pension over a period of time. Monitoring such deductions is important to ensure that if repayment ceases for any reason, prompt action is taken to reactivate the recovery process. This examination identified overpayments to four individuals where payroll reports indicate that salary deductions had ceased but the full amount of the overpayment had not been recovered.
- 10.62** Regular reconciliations between the data held on the HR systems relating to overpayments and the deductions in place on the payroll system could identify cases that require action because deductions have ceased. However, Shared Services has indicated that such a reconciliation is not easily performed due to the different unique identifiers used by each system.
- 10.63** In addition, the generation of a 'flag' when a deduction stops would facilitate immediate action being taken. This could take the form of an exception report following each pay run, noting employees that had a deduction in a previous pay-run but not in the current pay run.

Recommendation 10.4

Shared Services should establish processes to match and reconcile salary overpayment details on the HR and payroll systems to ensure full recovery. Shared Services should consider the need for an exception report facility that would highlight repayments that have ceased.

Accounting Officer response

Agreed. A recent change to the overpayments process in the PSSC where the case reference number is recorded against each overpayment activity on the payroll system enables the data from the payroll system to be linked to data on the HRMS/CMS. This will allow the overpayment data from the PSSC to be matched to the data from the HRMS/CMS using the case reference number and PPSN.

Exception reports will be introduced to ensure effective monitoring of the complete recovery of all overpayments that have a recoupment plan in place. As part of the reporting improvements being introduced, the possibility of including a 'flag' to ensure that appropriate and relevant exception reporting is facilitated will be investigated.

Annex 10A**Figure 10A.1 Salary overpayments outstanding**

	Shared Services	Department	Total
Overpayments outstanding at 1 January	X	X	X
Overpayments:			
Recorded	X	X	X
Cancelled	(X)	(X)	(X)
Written off	(X)	(X)	(X)
Adjustments ^a	X/(X)	X/(X)	X/(X)
Less amount recovered via			
Salary deduction (PSSC)	(X)	(X)	(X)
Salary deduction (department)	(X)	(X)	(X)
Deduction from pension	(X)	(X)	(X)
Cash payments	(X)	(X)	(X)
Overpayments outstanding at 31 December	X	X	X

Source: Office of the Comptroller and Auditor General

Note: a Adjustments can include cases closed and referred back to the department.

