



Mr Kieran Lenihan
Clerk
Committee of Public Accounts
Leinster House
Dublin 2

14th February 2018

Ref: PAC32-I-745

Response to request for further information

Dear Mr Lenihan

I enclose briefing notes from the National Shared Services Office on the matters requested by the Chairman, for the information of the Committee.

These include:

1. A note on the breakdown of all IT suppliers, tenders, dates and values
2. An analysis of the €812k for training, development and incidental costs
3. A breakdown of the savings achieved by the shared services strategy plan from 2012 to 2017
4. A note on the shared services conference in Vienna
5. A note on the 388 cases outstanding at the end of 2016 to include the following;
 - a. The number of these cases now outstanding
 - b. Whether a recovery plan has been put in place for the remaining cases
 - c. A timeline of the recoupment of these cases
6. A note on the value of the remaining 66 cases awaiting valuation
7. A note on an estimate of a comparable figure for 2017 of the outstanding payroll overpayments as identified at the end of 2016 and an estimate figure for 2018.
8. An explanatory note on the temporary rehabilitation remuneration including how the figure is calculated.

In addition, I provide further clarification on overpayments that only come under the responsibility of the NSSO.

Yours sincerely

Hilary Murphy Fagan
Chief Executive

Note on overpayments in the public service

I would like to clarify the following for the record

- The National Shared Services Office does not provide services to the entire public service.
- The overpayment information provided by the NSSO to the Committee is correct for those Central Government Departments and Offices whose administration was under the responsibility of the NSSO during 2016. The NSSO provides HR services that includes recoupment of overpayments for 34,500 civil servants only.
- The NSSO cannot comment on overpayments for the entire public service, approximately 450,000 people. Recoupment of overpayments in other sectors of the public service is carried out by separate offices.
- For the year 2016, the total value of overpayments for Central Government Departments and Offices whose HR administration was provided by the NSSO was €4.6m.
- The figure of €7.5m quoted by the C&AG was the total amount of overpayments at the end of 2016 for Central Government Departments and Offices serviced by the NSSO plus government departments whose payrolls had not yet transferred to the NSSO during 2016. Hence, €2.9m of that €7.5m quoted by the C&AG was not under the responsibility of the NSSO.
- When overpayments do occur, every effort is made to recover the money as quickly as possible.

1. A note on the breakdown of all IT suppliers, tenders, dates and values

The Office of the Government Chief Information Officer (OGCIO) in the Department of Public Expenditure & Reform, is the ICT shared service provider to the NSSO. The OGCIO ensures that the NSSO has access to a full suite of common ICT support services, infrastructure hosting support, common business applications, office equipment and disaster recovery. The procurement of ICT goods and services and the related costs incurred are managed by the OGCIO with appropriate oversight by the NSSO and charged to the accounts of the NSSO.

The NSSO manages additional IT expenditure for certain NSSO-specific line of business applications, enhancements and project development costs.

Supplier	Item Category	
Bearing Point	IT Support and Maintenance	1,740,756
Bechtel Direct Limited	IT Hardware	1,563
Core International	IT Support and Maintenance	1,105,993
Data Direct 2000 Ltd	IT Support and Maintenance	66
Datapac	IT Support and Maintenance	277,443
Dell Computer (Ireland)	IT Equipment/IT Hardware/	1,602
Evros	IT Support and Maintenance	2,282
Hunt Office Technology	IT Support and Maintenance	2,291
Kedington Ltd	IT Equipment/IT Hardware	1,993
Lenovo Ireland Limited	IT Equipment/IT Hardware	22,677
Micromail	IT software	3,197
Softworks Computing Ltd.	IT Software	1,182
SQS-Software Quality Systems (Irl)	consultancy	27,000
Storm Technology Limited	IT Support and Maintenance	116,578
VIL (ECS)	IT Equipment/IT Hardware	282,151
Zinopy Ltd	IT Support and Maintenance	47,270
Total		3,634,044

The table above lists IT suppliers and costs to the NSSO.

*The information on tenders and dates is not held by the NSSO.

2. An analysis of the €812k for training, development and incidental costs

Expenditure by the National Shared Services Office in respect of Training, Development and Incidental Expenses for 2016 is listed below.

2016	
Training, Development & Incidental Expenses	€
Audit & Professional Fees	133,767
Bank Charges	5,797
Cleaning and Facility Expenses	157,090
Courier Services	2,590
Drinking Water Costs	2,532
Service & Transformation Meeting Expenses	11,077
Penalty Interest (Prompt Payment Act)	1,330
PeoplePoint Service Charge	97,876
Professional / Corporate Subscriptions	3,550
Refund of 3 rd Level Fees	47,211
Office Security	79,233
Training	269,653
Total	811,706

3. A breakdown of the savings achieved by the shared services strategy plan from 2012 to 2017

The National Shared Services Office has two operations currently: HR Shared Services and Payroll Shared Services. HR Shared Services became fully operational at the end of 2016 and Payroll Shared Services from the end of 2017. A formal evaluation of savings will be conducted following an appropriate length of time from the completion of implementation. This will encompass a full evaluation of savings achieved and benefits realised.

Current indications are that full year savings of €6.4m have been achieved for 2016 and 2017 (following a review of costs by PER HR Policy for 2016). Early estimated savings of €3.7m for 2014/15 are also being recognised.

In addition, early estimates are that €5.6m savings have been realised in the cost of processing payroll shared services for 2017.

4. A note on the shared services conference in Vienna

The EMEA Shared Service Conference that took place in Vienna, November 2017 was organised by Deloitte. The conference topics included Robotics and Cognitive Technologies, Analytics, Social media, Mobility, Continuous Improvement (CI). Hilary Murphy-Fagan participated in the Public Sector session at the conference. The Public Sector session was run as a panel discussion with civil and public servants from Ireland, UK, Denmark and South Africa. The panel discussed trends in public sector shared services, next generation shared services models and the impact on digital.

Ms. Murphy-Fagan as CEO has also represented government shared services at the other events including:

- Eolas Conference – February 2015, 2016 and 2017
- Shared Services Conference – October 2017
- SSON International Shared Services Conference 2016
- Governance for Finance Officers Conference – July 2016 and October 2016
- Public Service Winter Series
- Customer Contact Management Association - May 2015
- Presentation to Taiwan Delegation, IPA - September 2016

5. A note on the 388 cases outstanding at the end of 2016 to include the following;

- a. The number of these cases now outstanding**
- b. Whether a recovery plan has been put in place for the remaining cases**
- c. A timeline of the recoupment of these cases**

The recovery of all overpayments is processed in line with the Circular on the matter that issued in May 2017. Of the 388 cases which were reported as outstanding at end 2016 for more than one year with no recoupment plan in place, 229 are now in recoupment. 159 remain to be recouped. The timelines for recovery can vary and are influenced by the amount to be paid.

6. A note on the value of the remaining 66 cases awaiting valuation

At the PAC meeting on 1 February, there were 66 cases of salary overpayment identified which were awaiting valuation. Of those, 34 cases now have a value confirmed, with a balance of 32 to be finalised. These cases have a complexity attached to them.

7. A note on an estimate of a comparable figure for 2017 of the outstanding payroll overpayments as identified at the end of 2016 and an estimate figure for 2018.

	2016	2017	2018
Payroll overpayments at year end	€4.6m	€8.9m*	€8m est.

*This is a provisional number only, pending finalisation of 2017 Appropriation Accounts.

*The €8.9m includes legacy cases not yet under the responsibility of the NSSO for the Department of Employment Affairs and Social Protection whose payroll only transferred to the NSSO in November 2017.

8. An explanatory note on the temporary rehabilitation remuneration including how the figure is calculated.

Temporary Rehabilitation Remuneration (TRR)

Regulation 6 of SI 124 of 2014 sets out the provisions for Temporary Rehabilitation Remuneration (TRR).

The conditions to be met before temporary rehabilitation remuneration can be paid are:

- (a) the individual concerned must have the service required for an ill health retirement pension¹; and
- (b) there must be a reasonable prospect that the individual will be able to return to work and give regular and effective service.

Regulation 6 also provides that the rate of pay of temporary rehabilitation remuneration is the same as the rate of pension that the individual would be paid if they were to be ill-health retired. This amount is calculated from the date where the individual has exhausted their paid sick leave entitlement.

The following limits apply for payment of TRR:

- Ordinary sick leave: 547 days on TRR in a rolling 4 year period
- Critical Illness Provisions: 365 days on TRR in a rolling 4 year period with a provision to extend for a further 2 years subject to 6 monthly reviews.

¹ An ill health retirement pension is a pension that may be paid to an individual where he or she retires on health grounds – a minimum of 5 (calendar) years' service is required to be eligible.