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INTERNAL AUDIT



Oifig Náisiúnta
um Sheirbhísí
Comhroinnte

National
Shared Services
Office



Internal Audit Report

Integrated Audit of Payroll Overpayments

Report Date: September 2019



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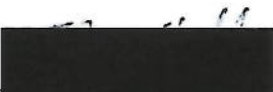
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Report Sign-Off

Internal Auditor who conducted the Audit

 16-1-2020
John Conroy (Audit Manager - NSSO)


 6/11/2019
Paul Mullen (Audit Manager - An Garda Síochána)

Report reviewed and approved by Head of Audit

 18/12/19
Gérard Enright (NSSO)

 6/11/19
Niall Kelly (An Garda Síochána)

Report noted by Accounting Officers

 19/12/19
Hilary Murphy-Fagan (CEO NSSO)

 26/11/2019
Commissioner Drew Harris (An Garda Síochána)

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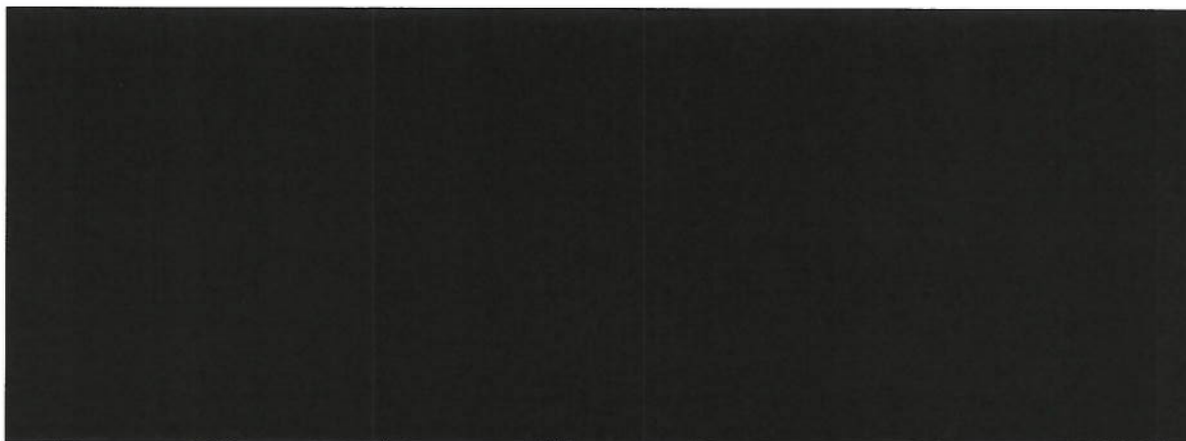
1 Summary and Opinion

1.1 Summary

In late 2018 the Internal Audit units of the National Shared Services Office (NSSO) and An Garda Síochána agreed to perform an integrated audit of payroll overpayments. There are many advantages to integrated audits. Not least of which is that it allows the entire process to be examined to understand why exactly overpayments are arising and make recommendations that will assist both organisations.

Planning for this audit commenced in early 2019. A number of planning meetings took place to agree the audit scope, sample selection, methodology and reporting mechanisms. The following was agreed:

1. The audit will be conducted in accordance with the Standards for Professional Practice of Internal Audit as set out by the Chartered Institute of Internal Auditors.



5. On completion of the audit a combined internal audit report will be produced and presented to the Audit and Risk Committees of both An Garda Síochána and the NSSO.

The audit has now been concluded. A summary of the findings is set out in section 1.2 below. The conclusion of the level of assurance that can be provided is set out in section 1.3 below.

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1.2 Main Findings and Recommendations

There are 14 findings - 11 with serious control weakness findings and 3 with moderate control weaknesses - identified in relation to the management of Garda payroll overpayments covering the following areas:

- Completeness
- Occurrence
- Valuation
- Reporting
- Errors and delays

In particular the audit has found improvement opportunities in management of legacy cases, how pay instructions are issued, late notification of pay affecting events, delays in processing pay affecting instructions, notification of payroll overpayments, reports provided on overpayments, IT systems and other documentation issues.

1.3 Opinion

In light of the findings referred to above, this audit provides limited assurance that the control framework around the management of Garda payroll overpayments within both organisations is effective.

Control Weakness Rating	Opinion Level	Tick as appropriate
Minor [System works well, only minor improvements needed]	Substantial Assurance	
Moderate [System works, some improvements are needed]	Moderate Assurance	
Serious [System works partially, substantial improvements needed]	Limited Assurance	✓
Very Serious [System essentially does not work]	No Assurance	


Further information on these ratings is included at Appendix A.


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1.4 Risk

The following key risks in relation to the control framework around the management of Garda payroll overpayments ensuring compliance with relevant circulars and process maps were identified as:

- Late notification of pay affecting events leading to payroll overpayments;
- Delayed processing of pay affected instructions leading to payroll overpayments;

- 
- Policies and procedures that are either not clear or updated with sufficient frequency to assist with management of payroll overpayments;

- 
- Fraud - the possibility that payroll overpayments are deliberate events to enrich one or more person at the expense of the taxpayer.

Further information on these risks is included in Section 4 - Risk Assessment.

1.5 Appreciation

The Internal Audit Units of both An Garda Síochána and the NSSO would like to thank all those involved in this audit for their assistance, time and courtesy during the audit review.

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2 Terms of Reference, Scope and Methodology

2.1 Terms of Reference

To review the control framework around Garda payroll overpayments, and to:

- a) Ascertain through root cause analysis the reason for the high level of pay and pension overpayments in An Garda Síochána;
- b) Establish the level of compliance with existing policy and procedures of both organisations as well as compliance with Department of Public Expenditure and Reform (DPER) Overpayments circular 07/2018;
- c) Make recommendations to improve the processes around management of overpayments to reduce the financial risk arising from said overpayments; and
- d) Report the findings and recommendations arising from this review to the respective Audit and Risk Committees and Accounting Officers of both An Garda Síochána and the NSSO.

2.2 Objective

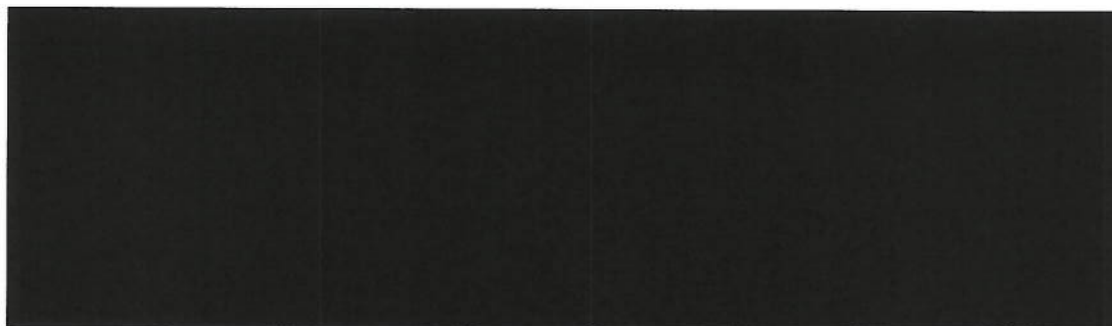
The objective of this audit is to provide assurance to the Audit and Risk Committee and the Accounting Officers of both An Garda Síochána and the NSSO as to the effectiveness of the internal control framework in relation to Garda payroll overpayments.

2.3 Scope

This audit is an audit of overpayments to Garda Members, Staff and pensioners only. It is not a full payroll audit of An Garda Síochána.

2.4 Methodology

The audit will be conducted in accordance with the Standards for Professional Practice of Internal Audit as set out by the Chartered Institute of Internal Auditors. The following audit procedures will be used as required:



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3 Overview

3.1 Background

DPER Circular 07/2018 - Recovery of Salary, Allowances, and Expenses Overpayments made to Staff Members / Former Staff Members / Pensioners - sets out the administrative arrangements for the repayment of overpayments salary, allowances, and expenses made to staff members / former staff members / pensioners.

3.2 Respective responsibilities in respect of payroll overpayments

Responsibilities of An Garda Síochána

The Garda Human Resources and People Development Directors (HRPD) has responsibility for

- a) Instructing the NSSO in regard to all payments;
- b) On receipt of notification of overpayments from the NSSO to notify the staff/ member involved and request repayment either in one payment or as a deduction from future salary payments over a specified period of time; and
- c) Manage overpayment recovery plans and report overpayment figures to Garda Finance Directorate for input into the Appropriation Accounts.

For clarity this audit notes that pension payments for Civil Servants are calculated and paid by the Department of Finance.



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3.3 Audit Population

The audit date was initially agreed as being 30 September 2018. This date was picked to ensure the date was sufficiently close to the 2018 financial year-end while also allowing sufficient time to ascertain the effectiveness or otherwise of recovery procedures subsequently employed to recover overpayments noted at this date.



Type	Date	Number of cases	Value - €
Garda Members	30 September 2018	663	€1.5 million
Garda Staff	Week 12, 2019	790	€0.6 million
Garda pensioners	31 March 2019	351	€1 million
Total		1,804	€3.1 million

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4 Risk Assessment

4.1 Key Risks

The detailed risks in each of the key risk areas and expected controls are detailed in the table below. These formed the basis for the audit field work undertaken.

Risks	Expected Controls	Summary Findings
Late notification of pay affecting events leading to payroll overpayments.	Preventative controls to ensure pay instructions are issued correctly and in a timely manner, detection controls to identify quickly any failure to do so.	2 and 3.
Delayed processing of pay affected instructions leading to payroll overpayments.	Preventative controls to ensure pay instructions are not missed or not processed in a timely manner, detect controls to identify quickly any failure to do so.	6 and 11.
Policies and procedures that are either not clear or updated with sufficient frequency to assist with management of payroll overpayments.	Policies and procedures that clearly outline respective responsibilities to prevent and detect payroll overpayments that are updated regularly to reflect emerging risks.	1, 5, 7, 10, 12 and 13.
Fraud - the possibility that payroll overpayments are deliberate events to enrich one or more person at the expense of the taxpayer.	Detailed fraud policy and procedures with appropriate training.	No findings noted.

5 Issues Arising

5.1 Main Audit Findings

5.1.1 Legacy cases

At the outset of this audit a preliminary review of the population data noted a high level of historic overpayments. This raises a number of questions including who is managing these cases and for those not in recovery what is the likelihood of recovery.

Following review it has now been established that An Garda Síochána has not performed any work on overpayments that predate 2014 and are only managing cases after this date. At the same time the NSSO believes responsibility for management of all payroll overpayments in respect of An Garda Síochána rests with An Garda Síochána. There is thus concern that perhaps nobody is actively monitoring and managing these historic cases. For the record the quantum of these cases is as follows:

Type	Number of cases	Value - €
Garda Members	83	239,437
Garda Staff	2	20,507
Garda pensioners	155	603,226
Total	240	863,170

Once an overpayment arises the key to full recovery is active management and monitoring to ensure agreed repayment plans are followed through until full recovery has been achieved.

This report recommends both An Garda Síochána and the NSSO come to agreement as to who exactly is responsible for managing these historic cases and that all relevant documentation be updated accordingly.

(Finding 1 Legacy overpayment cases, Status Serious, Addressed to both the NSSO and An Garda Síochána).

Furthermore GIAS notes there is a requirement that members are notified of the overpayment within 6 months noting the risk that if they are not notified within this period that the overpayment may not be recoupable, ultimately resulting in a loss to the Garda Vote. GIAS notes there appears to be no record of any notification to the overpaid Garda Members and Garda Staff that took place before 2013 when the HRPD Overpayments unit was first set up. These overpayments are dated between 1999 and 2013. [REDACTED]

GIAS recommends that these legacy cases are investigated and written off where there is no evidence of the required notification. For the cases that a notification of an overpayment was given and the employee is currently receiving a pension from the Garda Vote 10% of the pension pay-out should be taken and put towards the repayment of the overpayment. For the employees who were notified in time and who are still currently employed by An Garda Síochána the standard 10% deduction should be made from their salary.

(Finding 2 Legacy cases, Status Serious, Addressed to An Garda Síochána).

5.1.2 Common causes of payroll overpayments

a) Late notification of events that lead to payroll overpayments

The initial data provided for audit noted late notification of pay affecting events was a common cause of the payroll overpayment. For example an analysis of Garda Members' overpayments shows the current root cause related to late notifications as follows:

	Total	Related to late notifications	% related to late notifications
Value	€1.5 million	€1.25 million	83%
Number of cases	663	566	85%

Examples include late notification of amendments to pay and late notification to suspend or stop pay/ allowances. GIAS reviewed this risk and identified 56 cases from the audit sample of overpayments that occurred due to late notification of changes in personnel and administrative errors. This audit recommends:

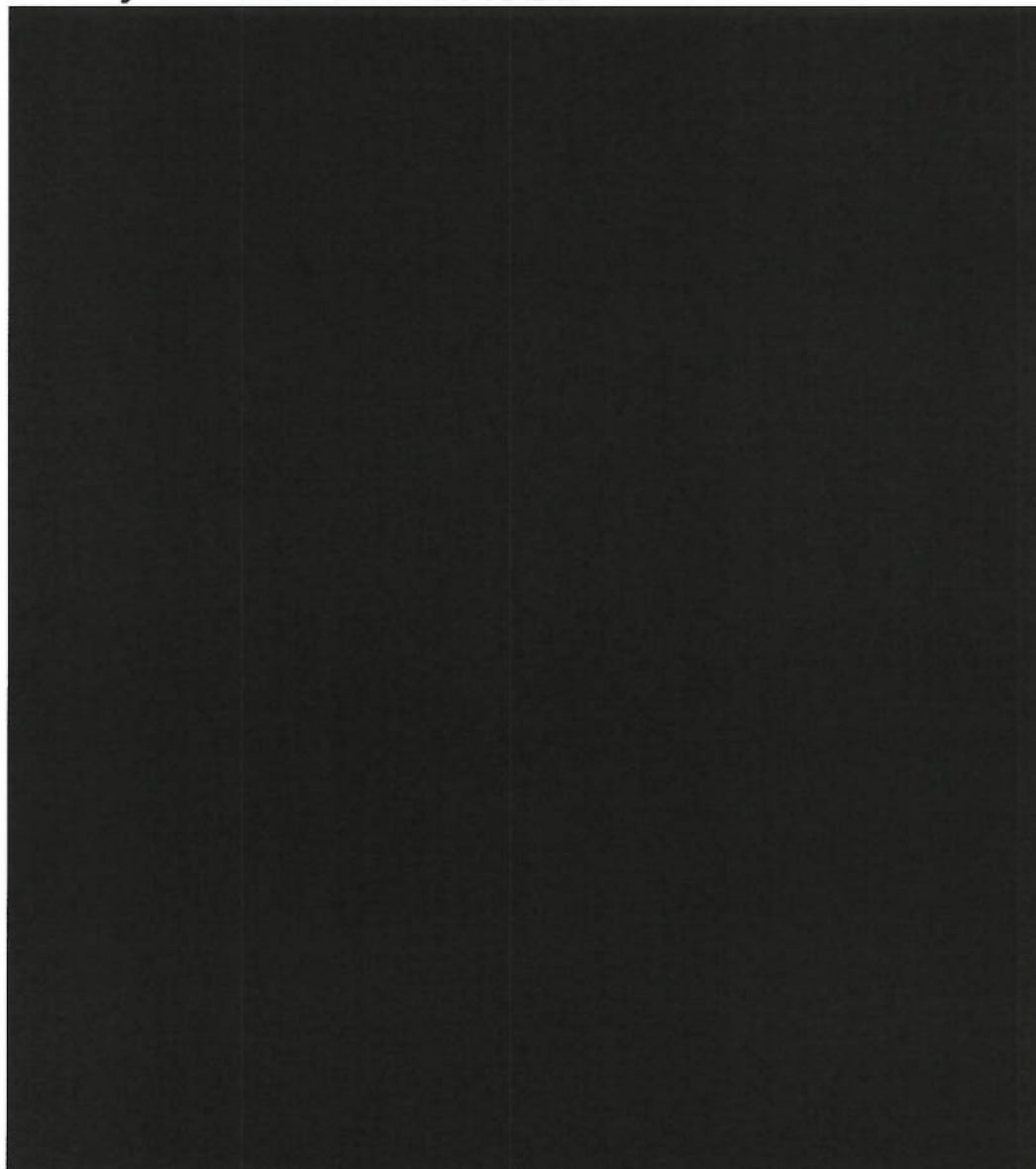
1. Further training should be given to SAMS administrators, HR divisional hubs and local management of An Garda Síochána to prevent administrative errors and ensure timely notification of changes to personnel;
2. All SAMS administrators within An Garda Síochána should be trained appropriately on current policies and procedures and regularly receive refresher training when new circulars, government directives and policies are issued regarding sickness and absence; and

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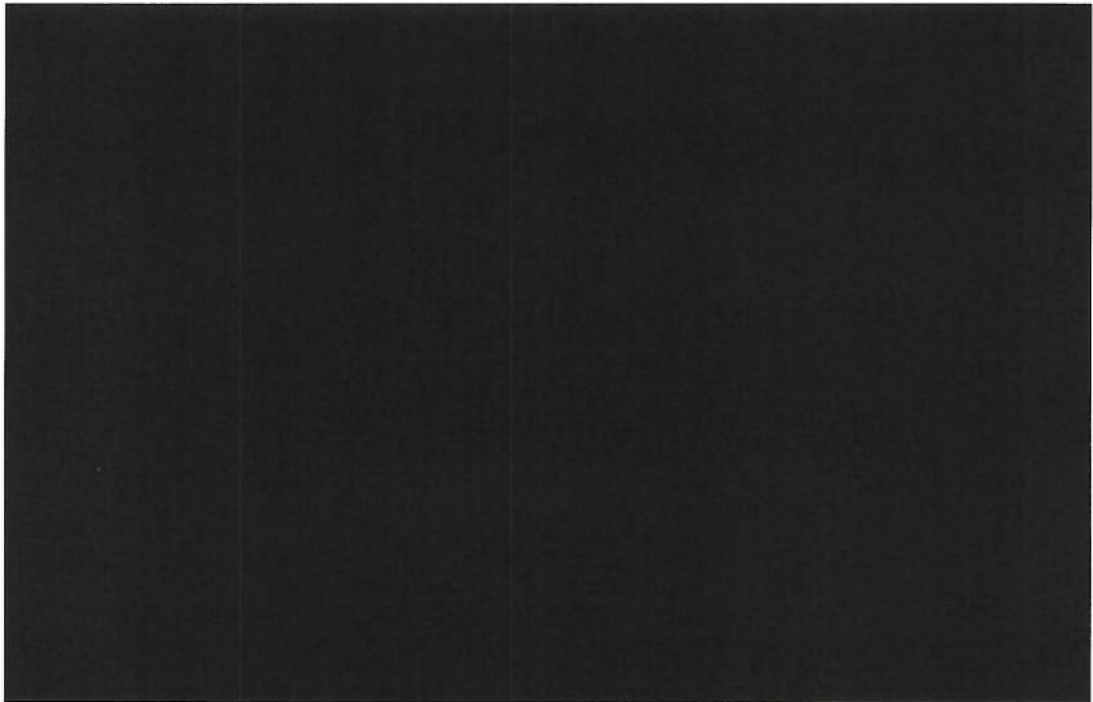
3. Following on from the training regularly organised HR training days should be put in place to give HR users the opportunity to provide feedback on difficulties encountered in Garda Divisions and Districts for recording absence so that appropriate measures can be implemented to rectify problems identified between the HR systems and processes and procedures. This is important for the establishment of successful Garda HR hubs across the country.

(Finding 3 Notification of pay affecting events, Status Serious, Addressed to An Garda Síochána).

b) HR IT systems within An Garda Síochána



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c) *Payments in advance*

A further cause of overpayments is payments in advance. Overpayments continue to occur due to pensions being paid to Garda Member retirees one month in advance. GIAS informs that despite previous recommendation to amend the relevant pensions no change has been made.

GIAS also notes pension payments to deceased Garda Member retirees are being counted as an overpayment. According to the Pension Order 1925 these funds cannot be recouped from a deceased member or from their estate and therefore are not recoupable.

GIAS strongly recommends that:

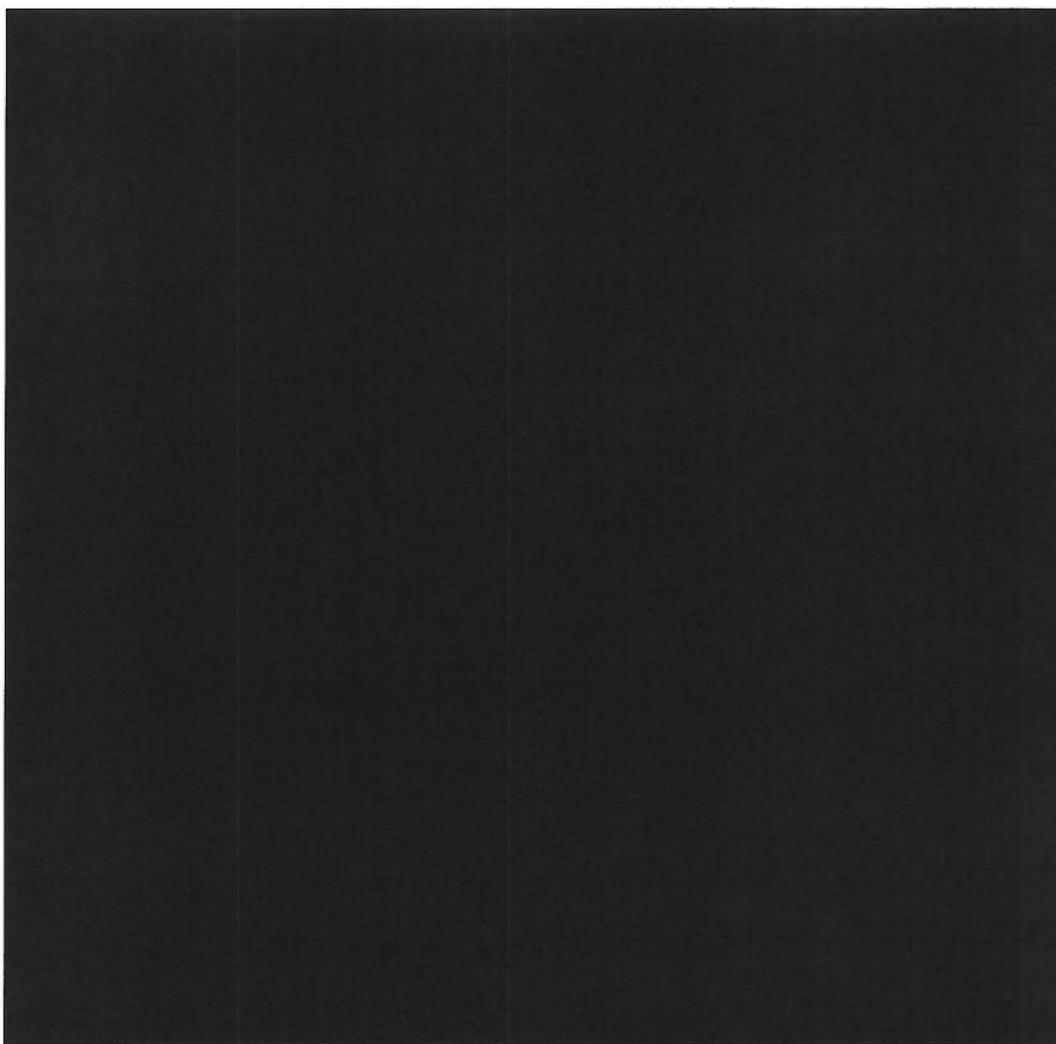
1. The pensions order is updated so that new retirees as on 1st January 2020 are paid 1 month in arrears and a decision is made in how the pensions of current Garda Members will be updated to this new payment plan. Without this course of action it is impossible to prevent Garda Pension overpayments from occurring; and
2. As an overpayment to a deceased Garda Member is not recoupable these cannot be counted as overpayments. GIAS recommends that these cases are removed from overpayments to ensure a true and fair figure for outstanding overpayments is included in the next Appropriation Accounts in January 2020.

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(Finding 5 Garda pension overpayments, Status Serious, Addressed to - An Garda Síochána).

d)



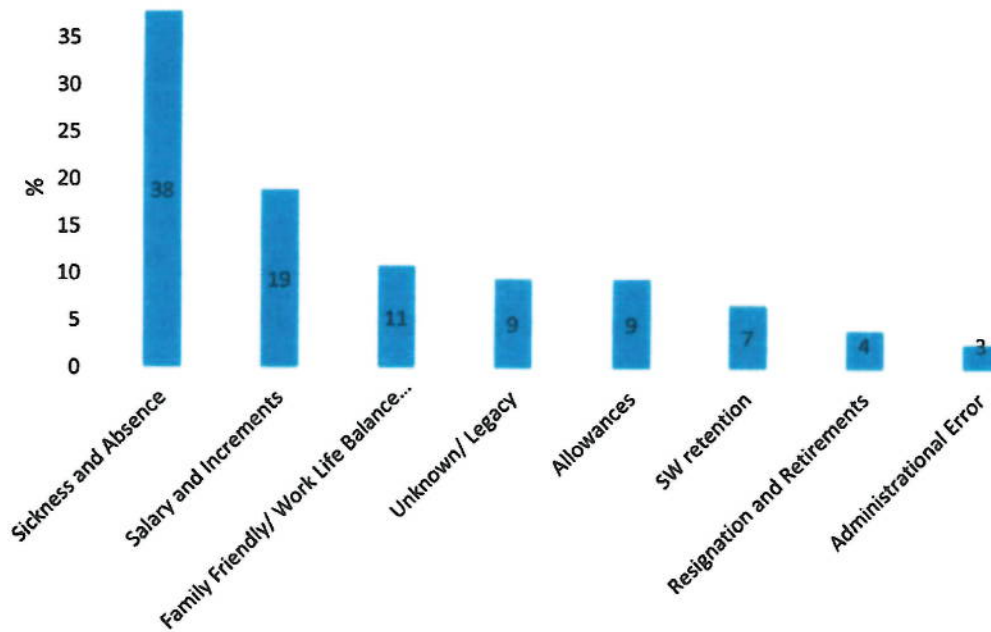


e) Payroll overpayments that occurred within An Garda Síochána

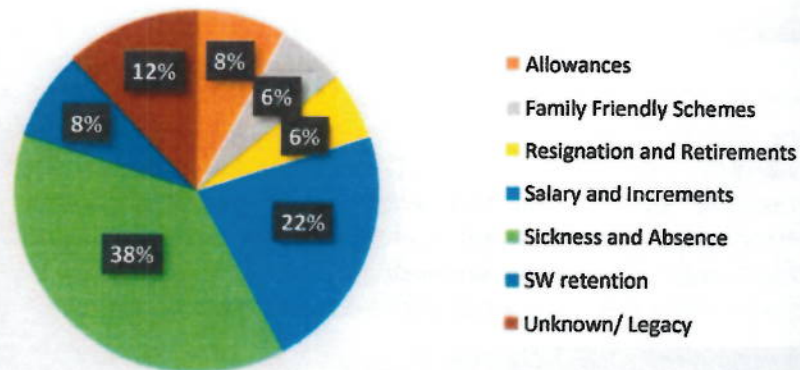
Common root causes were discovered on a sample of 24 overpayment cases made to Garda Staff and 50 cases made to Garda Members. As described in the figure below the area that has resulted in the most overpayments in the sample is Sickness and Absence which includes injury on duty (IOD). An overpayment occurred as a result of sickness or absence for 38% of the sample. For these overpayments GIAS notes Garda Members and staff took unauthorised leave and continued to be paid, they exceeded their sick leave days or the absence was notified to HRPD late.

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Root Cause Analysis of Total Overpayments Sample



Root Cause of Overpayments made to Sworn Member Sample (50 cases)



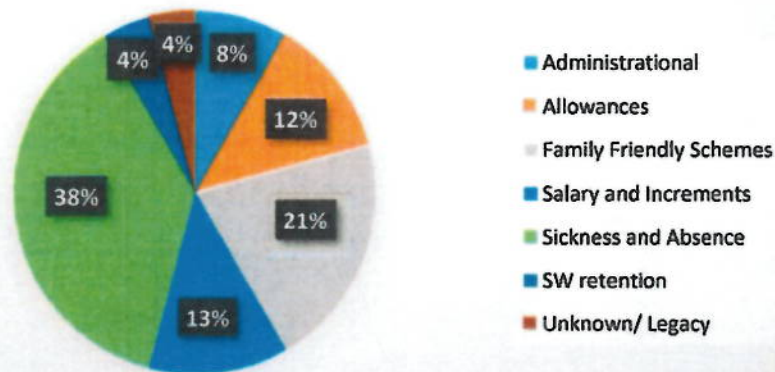
Overpayments made to Garda Member Salaries in the sample were mainly due to sickness and absence management and due to incorrect salary points and increment dates.

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Over a third of the overpayments made to Garda Member salaries as a result of sickness and absence management are repeatedly overpaid and the overpayment amount recorded on the SDER register is a combination of a number of overpayments.

For 12% of the sample there was no information recorded as to how the overpayment occurred or if the Garda Member was ever contacted within the 6 month period of notification. No progress has been made with these overpayments and Garda HRPD is currently investigating if these can be written off.

Root Cause of Overpayments made to Garda Staff Sample (24 cases)



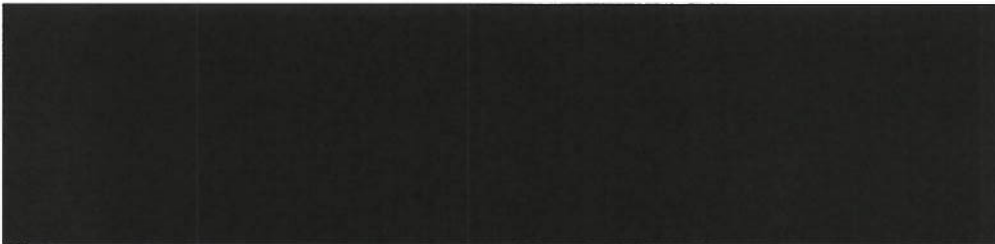
Sickness and absence management is the most significant issue in relation to overpayments made to Garda Staff salaries. However, the dates could not be verified on GEMS as limited information is recorded on the system for Garda Staff in comparison to Garda Members. Human Resource Management System (HRMS) access was granted. [REDACTED]

Through root cause analysis three clear effective controls were identified highlighting overpayments that have taken place between 2013 and 2019. Overpayments that occur due to late notification of absences are identified after 1 month of absences. Incorrect salary points are identified when an employee re-joins the organisation and lastly the newest control is a review

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is carried out before an employee leaves the organisation whether that is due to retirement, resignation, career break or dismissal to identify if any overpayments have been made over the employees working lifetime in An Garda Síochána.

GIAS recommends:

1. A review of the Injury on Duty claim process, as the length of the application is too long resulting in an increase in the volume of overpayments. A clear procedure must be put in place regarding assessment of injury on duty absences and timely decisions made. The process for review and appeal should also be re-examined;
2. A review of the management of sickness and absences within An Garda Síochána. The use of exception reporting should be developed to identify:
 - Staff out sick at 28/92/180 days;
 - Medical certificates expiring;
 - Repeat absences;
 - Required referrals; and
 - Back to work reports.
3. 
4. Where the absence of medical certificates and IBI's leads to overpayments, the employee should be informed and the Garda overpayments section should be notified immediately to arrange recoupment.
5. Upon an employee's return to work a copy of MC1 forms should be mandatory for employees to present to their line manager who then sends a copy to HR.
6. The use of Excel spreadsheets to manage the sickness and absence of contractors must be terminated. GIAS recommends that the personnel information of contractors are recorded on GEMS.

(Finding 7 Payroll overpayments arising within An Garda Síochána, Status Serious, Addressed to - An Garda Síochána).

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5.1.3 Reporting of payroll overpayments

Once an overpayment occurs it is essential that there is comprehensive and timely reporting of such overpayments to ensure the event can be managed in an appropriate manner. The following issues were noted:

a) Notification of Payroll Amendments by Garda HR to the NSSO

The instruction to amend a Garda Member's or Garda Staff's pay is sent from shared section mailboxes from all over the organisation to the NSSO. Within payroll alone there are six people responsible for different parts of the process. Section mailboxes are used to ensure transparency but reduces accountability and creates opportunity for unauthorised personnel to issue PAFs.

Within the payroll section all six members can make amendments and complete PAF forms. They can view bank account and personal details. Allowances are done at local level with a finance officer. Bulletin SR1 informs Killarney of the allowances. The local finance officer also rescinds payments with the decision made from Inspector grade or higher. The smaller stations are not quick to notify of changes in allowances which then leads to further overpayments.

GIAS recommends that Garda HR carry out an assessment to determine who currently sends PAFs at local level, in the Finance Directorate and the Overpayments section of HRM and to maintain a centralised list of those authorised to send PAFs. The number of employees authorised to do so should be revised and limited to ensure security. Garda HR should also ensure that all finance officers in smaller stations are aware of the process for cancelling allowances (e.g. shift allowance). If not, provide the finance officers with further training to ensure timely notification of changes in personnel.

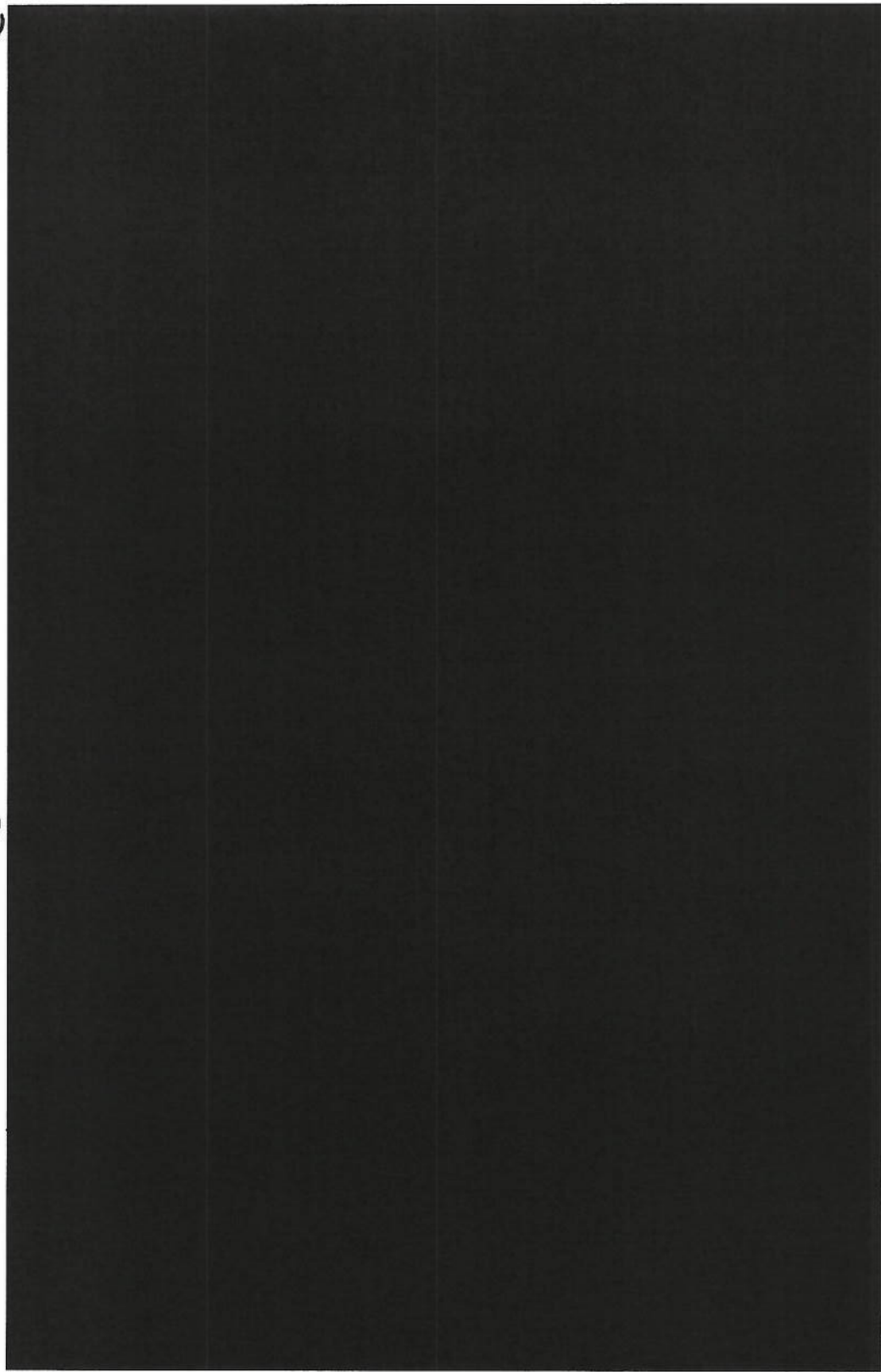
GIAS investigated the length of time it took to send the payment amendment forms to the NSSO, which inform the NSSO to change and update salaries to stop overpayments from continuing and to recoup overpayments from salaries. GIAS noticed a delay between the date that Garda HR notified NSSO of an overpayment and the date the PAF was sent. For the overpayment cases relating to the Garda Staff this delay was on average 139 days. For the overpayment cases relating to the Garda Members this delay was on average 206.5 days. No PAF was sent in 17 of the Garda Member cases and there is no evidence of a PAF being sent for 16 Garda Member cases.

GIAS recommends that the status of the PAF is recorded on the SDER register.

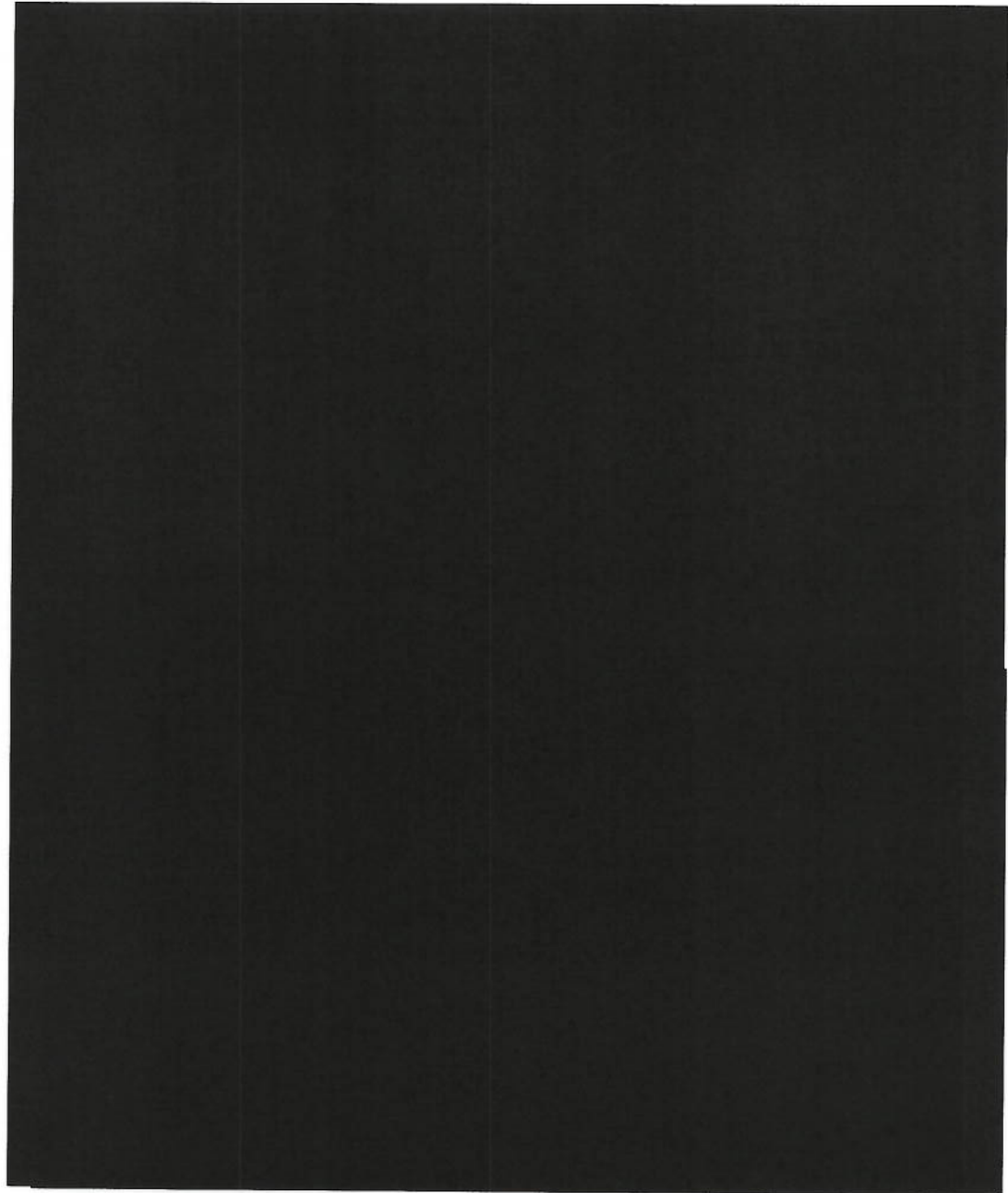
(Finding 8 Payment Amendment Forms to NSSO, Status Serious, Addressed to An Garda Síochána).

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(b)



(c)



(d) *Sufficiency of oversight resources to monitor and manage overpayments within An Garda Síochána*

GIAS considered whether there is sufficiently qualified and capable full time staff manning the overpayments section within An Garda Síochána. GIAS notes there has been improvements in the staffing of the unit. There are three staff members involved in overpayments. [REDACTED]

[REDACTED] all three staff have responsibilities outside of overpayments including; civilian discipline, Garda discipline checking of IA73s, extra attendance claims, Bank Holiday adjustments claims and second signing of PAFs for payroll process outside overpayments.

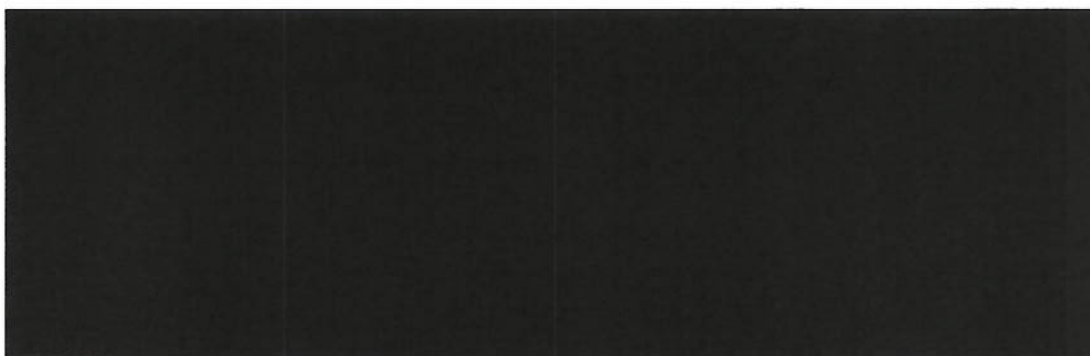
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This audit recommends:

1. The overpayment section within An Garda Síochána continue to build a unit of full time staff who work solely on overpayments; and
2. Those charged with dealing with the Garda Member overpayments and the Garda Staff overpayments converse and share their work to ensure consistency and that in the case of annual leave or leave of any sort that the rest of the team is capable and aware of the overpayment status. This recommendation will ensure consistency and will reduce the probability of a drop in quality if a team member is absent.

(Finding 11 Resourcing and oversight of the Garda payroll overpayments section, Status moderate, Addressed to - An Garda Síochána).

5.1.4



5.1.5 Compliance, Policies and procedures

GIAS notes:

- a) The Garda overpayments policy available on the Garda Portal site was uploaded on 7 February 2016 and does not appear to have been updated since. The Service Management Agreement (SMA) that is in place between the NSSO and An Garda Síochána is dated 2017 and does not include significant detail in respect of specific roles and responsibilities for both organisations in respect of payroll overpayments. A separate Practice Note that was drawn up in June 2011 describes the responsibilities of An Garda Síochána. The staff in the Overpayments section of An Garda Síochána are fully aware of the DPER Overpayments Circular 07/2018, the outdated Garda policy and the outdated practice note that are in place.

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- b) HR sections of An Garda Síochána are operating in SILOS and assume the NSSO and the Finance Directorate are carrying out any remaining aspects of the payroll function. Sections in Garda HR only manage amendments to the payroll and, overtime and allowances are managed locally. There are no controls in place in Garda HR to oversee this. Local management do not notify Garda HR of personnel changes in a timely manner. Temporary clerical officers are leaving in their first week of employment and no-one is reporting this and asking payroll to remove them. It takes 4 weeks to terminate someone from the payroll. There are no emergency procedures in place.

It is expected that the roll out of RDMS will improve the communication between local management and HR.

This audit recommends:

1. Garda overpayments governance and policy be reviewed and updated accordingly to ensure that the policy is in line with best practice, compliant with DPER circular and the organisation's goals. This policy is crucial for successful governance of overpayments ensuring that the overpaid amounts are recouped to the organisation in a timely and efficient manner.
2. The policy and practice note should be reviewed and updated as necessary to ensure that the overpayments process is in line with the organisation's strategic goals, especially at this time of great change and growth as outlined in the Commission of Future Policing in Ireland. As the organisation is set to grow to 21,000 by 2021 this increases the risk of an overpayment occurring and so it is crucial that the relevant documentation to identify, monitor and recoup the overpaid amount must be agreed and established in an up to date policy and practice note.
3. Payroll overpayments be addressed in all future SMA's. When a new SMA is being designed it is recommended that both the NSSO and An Garda Síochána ensure that every aspect has a section responsible, outlining the segregation of duties with respect to payroll and overpayments. A memorandum of understanding should be drawn up detailing who is responsible for what between Garda HR, Finance and the NSSO.
4. GIAS recommends that RDMS is rolled out as soon as possible to allow for real time reporting and analysis of work to be carried out and signed off on a daily basis. This will allow Garda HR to oversee the budget implications and deployment patterns.

(Finding 13 Compliance, policies and procedures, Status Serious, Addressed to - An Garda Síochána).

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5.1.6 Employee welfare

With any overpayment event there is a risk that if the employee is not treated in a fair manner then their wellbeing is negatively impacted by the news. GIAS noted all overpaid employees of AGS are advised of the employee assistance service available to them and their rights. They are also advised that it is in their best interest to repay the overpayment within the year as they can claim back any extra USC or PRSI payments that may have occurred at the time of the overpayment.

Nonetheless GIAS recommends that precautions are taken to ensure that multiple overpayments are not made to Garda Members and Garda Staff. GIAS further recommends that employees who have repeatedly experienced overpayments are put on positive input. This action along with a suitable threshold should be included in the new updated policy referred to in finding 13 above.

(Finding 14 Employee welfare, Status Moderate, Addressed to - An Garda Síochána).



6 Findings and Recommendations

No	Control Weakness Finding	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
1	<p>Rating - Serious</p> <p>Addressed to: Both the NSSO and An Garda Síochána</p>	<p>Legacy overpayment cases This audit notes there are 240 legacy overpayment cases that pre date 2014. The value of these overpayments was €863,170. As noted in section 5.1.1 above there appears to be confusion as to who is responsible for the oversight and management of these cases.</p> <p>Recommendation This report recommends both An Garda Síochána and the NSSO come to agreement as to who exactly is responsible for managing these historic cases and that all relevant documentation be updated accordingly.</p>	<p>The NSSO believe that AGS are currently investigating if these legacy overpayments can be written off. [REDACTED]</p>	<p>This office has established the breakdown of the 240 legacy cases that pre-date the establishment of the Overpayments Unit in 2014 as follows –</p> <p>Garda Members - 83 Garda Staff - 2 Garda Pensions - 155 (the recoupment of pension overpayments falls within the remit of the Garda pensions section, D/Justice, Killarney and not AGS)</p> <p>It has been found that in 23 Garda member</p>	

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No	Control Finding	Weakness	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
					<p>cases there are plans in place and 7 have been recouped in full. This leaves 53 remaining. The majority of these are no longer serving.</p> <p>AGS will work with the NSSO to establish who has responsibility for these cases. As per the practice note, Payroll must inform employee where fault arose there and AGS will follow-up in conjunction with NSSO and seek to have overpayments written off where there is no evidence of the required notification. Where notification was given and the employee is currently in receipt of a pension form the Garda Vote,</p>	

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No	Control Finding	Weakness	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
					<p>AGS will seek recoupment from same. For those notified in time and who are still employed, recoupment of the standard 10% deduction will be sought.</p>	

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No	Control Finding	Weakness	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
2	<p>Rating - Serious</p> <p>Addressed to: An Garda Síochána</p>	<p>Legacy cases</p> <p>There is a requirement that members are notified of payroll overpayments within 6 months. There is a risk if they are not notified within this period that the overpayment may not be recoupable, ultimately resulting in a loss to the Garda Vote. GLAS notes there appears to be no record of any notification to the overpaid Garda Members and Garda Staff that took place before 2013 when the unit was first set up. These overpayments are dated between 1999 and 2013.</p>	<p>Recommendation</p> <p>GLAS recommends that these legacy cases are investigated and written off where there is no evidence of the required notification. For the cases that a notification of an overpayment was given and the employee is currently receiving a pension from the Garda Vote 10% of the pension payout should be taken and put towards the repayment of the overpayment.</p>	<p>Analysis is required of the 53 cases referred to in finding 1 above to assess if notification issued.</p> <p>Where applicable, a submission recommending write offs in respect of suitable cases <€2000 will sent to the Finance Unit for consideration.</p>	<p>As stated in finding 1 above, Garda pensions section, D/Justice has responsibility for the recoupment of Garda pension overpayments.</p>	Q4 2019

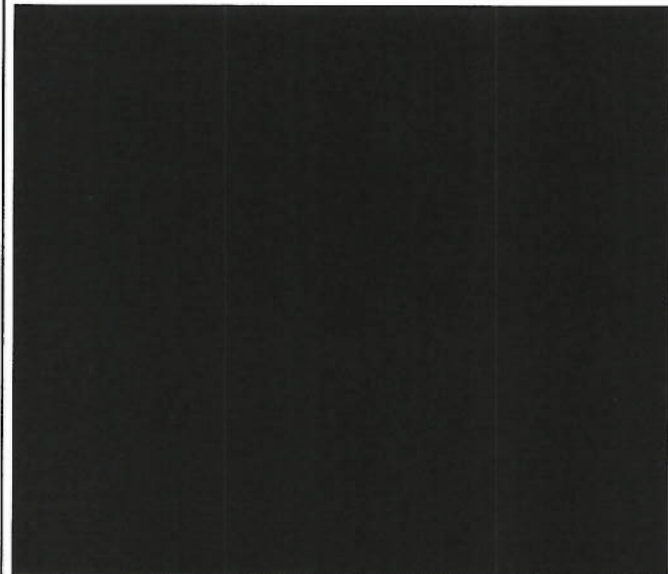
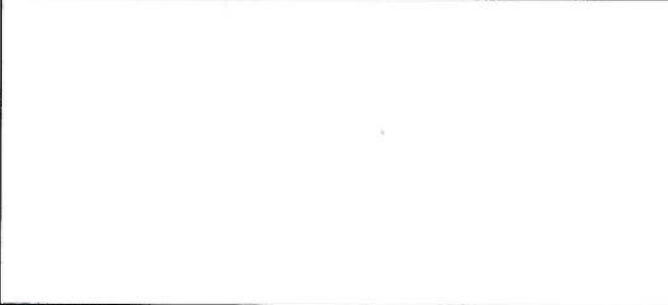

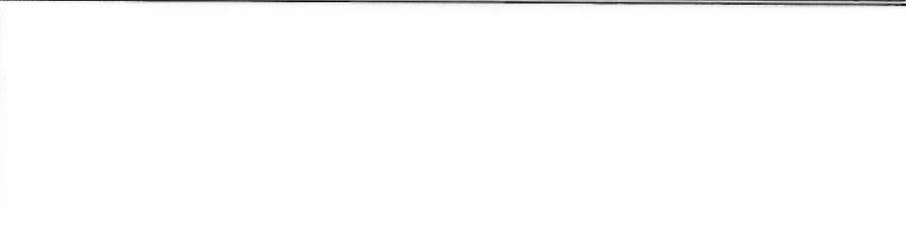
INTERNAL AUDIT

No	Control Finding	Weakness	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
			For the employees who were notified in time and who are still currently employed by AGS the standard 10% deduction should be made from their salary.		The overpayment policy will be applied to cases where recoupment is possible.	


INTERNAL AUDIT

No	Control Finding	Weakness	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
3	<p>Rating - Serious</p> <p>Addressed to: An Garda Síochána</p>	<p>Notification of pay affecting events</p> <p>A common cause of payroll overpayments is late notification of pay affecting events. Examples include late notification of amendments to pay and late notification to suspend or stop pay/allowances.</p> <p>GIAS reviewed this risk and identified 56 cases from the audit sample of overpayments occurred due to late notification of changes in personnel and administrative errors.</p> <p>Recommendation This audit recommends:</p> <p>1. Further training should be given to Garda SAMS administrators, HR divisional hubs and local management to prevent administrative errors and ensure timely notification of changes to personnel.</p>		<p>Agreed. (1) & (2)</p> <p>Further training is required on SAMS, policy and procedures to prevent administration errors and ensure timely notification.</p> <p>Discussions are ongoing currently to provide this training as part of the induction/development courses run by the College.</p> <p>(3) Agreed. It is under consideration currently to run HR Information days to provide updates on policy and procedures to SAMS users. This would be beneficial in the area of Overpayments and Sick Absence Management in general.</p>	<p>This training will occur in line with the development of the new Operating Model.</p>	

INTERNAL AUDIT

No	Control Weakness Finding	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
4	<p>Rating - Serious</p> <p>Addressed to: An Garda Síochána</p>	<p>HR IT systems within An Garda Síochána</p> <p>Currently there are several systems utilised by the Human Resources and People Development Directorate (HR & PD) and Human Resource Management (HRM) of An Garda Síochána:</p> 			

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		<p>Recommendation Multiple HR systems have contributed to late notifications of changes in personnel which ultimately resulted in overpayments.</p> <p>As a consequence this audit recommends an integrated IT system be implemented within An Garda Síochána. An integrated HR IT system will reduce the cases related to allowances and RDMS should reduce the cases related to Unauthorised Absences. A single Human resource management system needs to be put in place as soon as possible to manage the following HR functions:</p>			
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INTERNAL AUDIT

**INTEGRATED AUDIT OF PAYROLL
OVERPAYMENTS**

INTERNAL AUDIT

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INTERNAL AUDIT

No	Control Finding Weakness	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
5	<p>Rating - Serious</p> <p>Addressed to: An Garda Síochána</p>	<p>Garda pension overpayments</p> <p>This audit notes one of the reasons Garda pension overpayments continue to occur is due to pensions being paid to Garda Member retirees one month in advance. Despite previous recommendations from GLAS to amend the relevant pensions order no change has been made.</p> <p>GLAS also notes pension payments to deceased Garda Member retirees are being counted as an overpayment. According to the Pension Order 1925 these funds cannot be recouped from a deceased member or from their estate and therefore are not recoupable.</p>			

INTERNAL AUDIT

No	Control Finding	Weakness	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
			<p>Recommendation This audit strongly recommends that:</p> <ol style="list-style-type: none"> The pensions order is updated so that new retirees as on 1st January 2020 are paid 1 month in arrears and a decision is made in how the pensions of current Garda Members will be updated to this new payment plan. Without this course of action it is impossible to prevent Garda Pension overpayments from occurring; and As an overpayment to a deceased Garda Member is not recoupable these cannot be counted as overpayments. GIAS recommends that a true and fair figure for outstanding overpayments is to be included in the next Garda Appropriation Accounts in January 2020. 		<p>1) The amendment of the Pensions Order 1925 is being carried out by D/Justice. This is being progressed but as it is not within our remit, it is not possible to give a timeline for its amendment, notwithstanding previous audit recommendation.</p> <p>2) This should be referred to the Garda Pensions section in D/Justice, Killarney as they administer the payment of pensions and recoupment of same. It is noted that D/Justice was not included in the terms of reference for this audit.</p>	

INTERNAL AUDIT

No	Control Weakness Finding	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
6	Rating - Serious Addressed to: The NSSO			No Comment	

INTERNAL AUDIT

No	Control Weakness Finding	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
7	<p>Rating - Serious</p> <p>Addressed to: An Garda Síochána</p>	<p>Payroll Overpayments arising within An Garda Síochána</p> <p>As noted in Section 5.1.2(e) above the areas within the sample reviewed with most root cause for overpayments was sickness and absence, salary and increments and family friendly/ work life balances. Contributory factors noted included the need for clear procedures in respect of injury on duty and opportunities to improve sickness and absence management.</p> <p>Recommendation</p> <p>1. A review of the Injury on Duty claim process needs to be carried out as the length of the application is too long resulting in an increase of overpayments made. A clear procedure must be put in place regarding assessment of injury on duty absences and timely decisions made. The process for review and appeal should also be re-examined;</p>		<p>(1)The Injury on Duty (IOD) process is not a significant factor in overpayments. The IOD Pay Policy is to treat all illness as Ordinary Illness until the Sick Absence Section are in receipt of an 11.37 Certification for IoD.</p>	

INTERNAL AUDIT

No	Control Weakness	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Siochána	Implementation date
	<p>2. A review needs to be carried out with regards to the management of sickness and absences. The use of exception reporting should be developed to identify:</p> <ul style="list-style-type: none"> • Staff out sick at 28/92/180 days; • Medical certificates expiring; • Repeat absences; • Required referrals; and • Back to work reports. <p>3. [REDACTED]</p> <p>4. Where the absence of medical certificates and IBI's leads to</p>	<p>enforce rules to follow up on the production of medical certificates and IBI's and consider disciplinary action where individuals continuously fail to comply. It is the responsibility of local management to notify HRPD when disciplinary procedures have been invoked;</p>	<p>Agreed. (2) Please see Finding number 4, while not widely available from our current Reporting Suite, Exception Reporting will be reviewed within the context of the new HRIS system when applicable.</p>	<p>We are not aware of a significant issue regarding the production of Medical Certificates and IBI's. Where individuals fail to comply with the Sick Leave Regulations they can be removed from the payroll.</p>	

INTERNAL AUDIT

No	Control Weakness Finding	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
		<p>overpayments, the employee should be informed and the Garda overpayments section should be notified immediately to arrange recoupment; and</p> <p>5. Upon an employee's return to work a copy of MC1 forms should be mandatory for employees to present to their line manager who then sends a copy to HR.</p> <p>6. The use of Excel spreadsheets to manage the sickness and absence of contractors must be terminated. GIAS recommends that the personnel information of contractors are recorded on GEMS.</p>		<p>Agreed (4) For IOD cases if there is no medical certificate submitted, pay is not sanctioned therefore an overpayment will not arise in the normal course of events as stated above in response to recommendation one above. It is policy to notify the individual where medical certificates are not received. There is no report available to track IB1's therefore overpayments are notified on an ad hoc basis, this leads back to the recommendation for regular reports, which is being addressed through the scoping and</p>	


INTERNAL AUDIT

No	Control Weakness Finding	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
				<p>implementation of the new HRIS.</p> <p>Not Agreed (5) MC1 forms are submitted to the line manager only. The original is sent to DEASP for processing.</p> <p>Sick leave in respect of temporary contact staff is recorded on HRMS and SAMMS to ensure compliance with the Sick Leave Regulations. There is a nightly feed of sick leave records from SAMMS to GEMS.</p>	

INTERNAL AUDIT

No	Control Finding	Weakness	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
8 (1)	<p>Rating - Serious</p> <p>Addressed to: An Garda Síochána for all recommendations, NSSO for 3 recommendation only.</p>		<p>Payment amendment forms to NSSO As noted in section 5.1.3 (a) above instructions from An Garda Síochána to the NSSO to amend the pay of Garda members and staff are issued from shared section mailboxes across An Garda Síochána. GIAS also noted issues in respect of payroll amendment forms, again outlined in further detail in section 5.1.3 (a) above.</p> <p>Recommendation This audit recommends</p>		<p>1) An audit of who has authority at local level and in the Finance Directorate to send PAFs does not fall under the remit of HR.</p> <p>The Overpayments Unit in HR currently has 4 employees with authority to send</p>	

INTERNAL AUDIT

No	Control Finding	Weakness	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
8 (2)			<p>should be revised and limited to ensure security.</p> <p>2. Garda HR should also ensure that all finance officers in smaller stations are aware of the process for cancelling allowances (eg, shift allowance). If not, provide the finance officers with further training to ensure timely notification of changes in personnel.</p>	<p>PAFs (1 AP, 1 HEO, 1 EO and 1 CO).</p> <p>2) This is not a HR function as the Finance Unit is the appropriate office to instruct the Finance Officers in this regard.</p>		
8 (3)			<p>3. Payroll amendment forms (PAF) should be issued in a timely manner without exception and the status of the PAF should be recorded on the SDER register.</p>		<p>3) The overpayments unit currently updates the SDER listing for their records. However, the recoupment details sent to NSSO are not always reflected when the next SDER listing is provided by NSSO. For example, plan in place, fully recouped etc.</p>	

INTERNAL AUDIT

No	Control Finding	Weakness	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
9	<p>Rating - Serious</p> <p>Addressed to: The NSSO and An Garda Síochána</p>	<p>Notification of payroll overpayments</p> <p>[Redacted]</p> <p>Recommendation This audit recommends a standard email template is put in place between the overpayments sections of An Garda Síochána and the NSSO when notifying each other of the occurrence of an overpayment.</p> <p>The following headings should be included in the template:</p> <p>1. Employee reference number</p>	<p>[Redacted]</p>	<p>[Redacted]</p>	<p>[Redacted]</p>	<p>[Redacted]</p>

INTERNAL AUDIT

No	Control Finding	Weakness	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
			<ol style="list-style-type: none"> 2. The full amount of the overpayment 3. The period in which the overpayment occurred 4. The reason for the overpayment 5. Also if the overpayment is to be added to another outstanding overpayment to the same Garda Member or Garda Staff then a breakdown of the new total amount due should also be given. 		<p>The Overpayments Unit has produced a template which sets out the recommended headings and other information that will assist this office. This template has been forwarded to the NSSO for implementation.</p>	Q4 2019

INTERNAL AUDIT

No	Control Weakness Finding	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
10	<p>Rating - Serious</p> <p>Addressed to: The NSSO and An Garda Síochána.</p>	<p>[Redacted]</p> <p>Recommendation This report recommends the NSSO and An Garda Síochána agree exactly what information should be recorded on overpayment reports, including consideration of information on ageing of cases, and that this standardised report apply irrespective of whether the overpayment relates to a Garda Member, Garda Staff or pensioner. This report further recommends all such overpayment reports be issued on time without exception and weekly updates of large/ significant repayments be exchanged between both parties.</p>	<p>[Redacted]</p>	<p>Agreed in relation to Garda staff and member overpayments. The Overpayments Unit will liaise with NSSO on this recommendation. In particular, AGS would like standardisation of reports. For example, closing balance is provided on Garda member SDER listings but not on Garda staff SDER listings.</p> <p>While the payment of Garda Pensions comes from the Garda Vote (Vote 20) and the Commissioner is the Accounting Officer Garda HRM has oversight responsibilities in relation to overpayments. The management and</p>	

INTERNAL AUDIT

No	Control Weakness Finding	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
				<p>The timeliness and accuracy of the reported information from NSSO is critical to ensure the prompt notification to employees and will also eliminate contact with employees whose overpayment has been recouped in full.</p>	

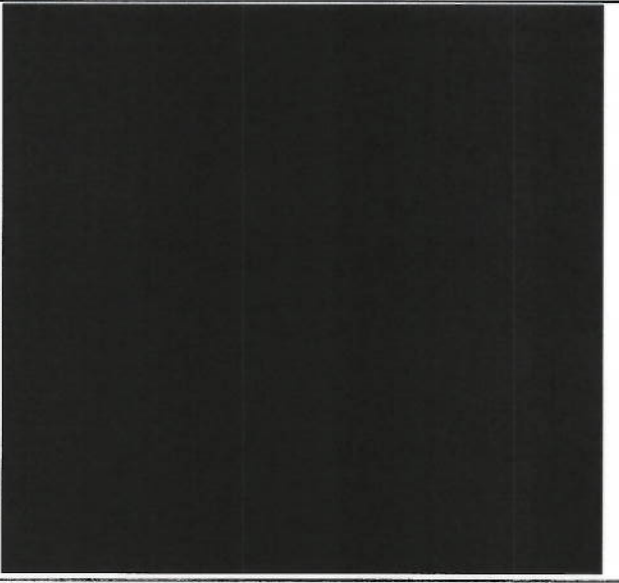

INTERNAL AUDIT

No	Control Weakness Finding	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
11	<p>Rating - Moderate</p> <p>Addressed to: An Garda Síochána</p>	<p>Resourcing and oversight of the Garda payroll overpayments section</p> <p>GIAS considered whether there is sufficiently qualified and capable full time staff manning the overpayments section within An Garda Síochána noting a shortage of staff can result in poor quality work and increased stress levels for the staff concerned.</p> <p>GIAS notes there has been improvements in the staffing of the unit. There are three staff members involved in overpayments.</p> <p>Recommendation This audit recommends:</p> <ol style="list-style-type: none"> The overpayment section within An Garda Síochána continue to build a unit of full time staff who work solely on overpayments; and 		<p>1) An Garda Síochána offers flexible working policies to staff. It would be discriminatory to require only full-time staff to undertake the work specifically, given that staff in the Directorate is predominantly female.</p>	

INTERNAL AUDIT

No	Control Weakness Finding	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
		<p>2. Those charged with dealing with the Garda Member overpayments and the Garda Staff overpayments converse and share their work to ensure consistency and that in the case of annual leave or leave of any sort that the rest of the team is capable and aware of the overpayment status. This recommendation will ensure consistency and will reduce the probability of a drop in quality if a team member is absent.</p>		<p>2)Agreed, in place at time of audit. The staff in the Unit have already been cross-trained to ensure that adequate cover is provided during periods of planned and unplanned leave.</p>	

INTERNAL AUDIT

No	Control Weakness Finding	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
12	Rating - Moderate Addressed to: The NSSO			No comment required.	

INTERNAL AUDIT

No	Control Weakness Finding	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
13	<p>Rating - Serious</p> <p>Addressed to: An Garda Síochána for all recommendations, NSSO for recommendation 3 only.</p>	<p>Compliance, policies and procedures Well-defined policies not only outline current requirements, operations, interdependencies, risks and controls, they can also help identify gaps and improvement opportunities. In this regard a number of control improvement opportunities were identified as set out in section 5.1.5 above.</p> <p>Recommendation This audit recommends:</p>		<p>1) & 2) Agreed – the Overpayments Policy Document and Practice Note need to be updated.</p>	<p>This will be done by the Overpayments Unit in consultation with the NSSO in 2020.</p>

INTERNAL AUDIT

No	Control Weakness Finding	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
		<p>2. Garda policy and practice note should be reviewed and updated as necessary to ensure that the overpayments process is in line with the organisation's strategic goals. As the organisation is set to grow to 21,000 persons by 2021 this increases the risk of an overpayment occurring and so it is crucial that the relevant documentation to identify, monitor and recoup the overpaid amount must be agreed and established in an up to date policy and practice note.</p> <p>3. Payroll overpayments be addressed in all future revised SMA's. When a new SMA is being designed it is recommended that both the NSSO and An Garda Síochána ensure that every aspect has a section responsible, outlining the segregation of duties with respect to payroll and</p>	<p>The NSSO will be happy to discuss further with An Garda Síochána.</p>	<p>3) Agreed – the NSSO draft the SMA but both parties will need to agree the content in this regard.</p>	

INTERNAL AUDIT

No	Control Weakness Finding	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
		<p>overpayments. A memorandum of understanding should be drawn up detailing who is responsible for what between Garda HR, Finance and the NSSO.</p> <p>4. GLAS recommends that RDMS is rolled out as soon as possible to allow for real time reporting and analysis of work to be carried out and signed off on a daily basis. This will allow Garda HR to oversee the budget implications and deployment patterns.</p>		<p>4) Budgets and deployment patterns do not fall under the remit of the Overpayments Unit and the NSSO and therefore, this recommendation is outside the scope of this audit.</p>	

INTERNAL AUDIT

No	Control Weakness Finding	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
14	<p>Rating - Moderate</p> <p>Addressed to: An Garda Síochána</p>	<p>Employee welfare With any overpayment there is a risk that if the employee is not treated in a fair manner their wellbeing may be negatively impacted. GIAS noted all overpaid employees of An Garda Síochána are advised of the employee assistance service available to them and their rights. They are also advised that it is in their best interest to repay the overpayment within the year as they can claim back any extra USC or PRSI payments that may have occurred at the time of the overpayment.</p> <p>Recommendation GIAS recommends that precautions are taken to ensure that multiple overpayments are not made to Garda Members and Staff. GIAS further recommends that employees who have repeatedly experienced overpayments are put on positive input. This action along with a suitable threshold should be included in the new updated policy referred to in finding 13 above.</p>		<p>Correspondence to be issued to employees will be reviewed and amendments made where appropriate.</p> <p>In the majority of cases, the occurrence of multiple overpayments to members is due to sickness absences and where a member has exceeded the sick leave limits. Due to the payrolls being run in advance, the occurrence of an overpayment is often unavoidable as the employee cannot predict their next sickness absence.</p>	Q4 2019

INTERNAL AUDIT

No	Control Weakness Finding	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
				<p>As previously stated, further training is required on SAMS, policy and procedures to prevent administration errors and ensure timely notification. Discussions are ongoing currently to provide this training as part of the induction/development courses run by the College. It is hoped that this training will highlight the need to monitor and manage sick leave locally in order to avoid multiple overpayments.</p> <p>Cases with repetitive instances of overpayments are referred to the Sick Section for</p>	

INTERNAL AUDIT

No	Control Weakness Finding	Findings/Recommendation	Management Response - NSSO	Management Response - An Garda Síochána	Implementation date
				consideration to be placed on Positive Input.	



7 Conclusion

The objective of this audit is to provide assurance to the Audit and Risk Committees and Accounting Officers of both the NSSO and An Garda Síochána Office that the control framework around the management of Garda payroll overpayments within both organisations are operating effectively.

There are 14 findings - 11 with “serious” control weaknesses and 3 with “moderate” control weaknesses - identified in relation to the control framework around the management of Garda payroll overpayments in the following areas:

- Completeness
- Occurrence
- Valuation
- Reporting
- Errors and delays

The findings in this report indicate that improvements are required to the control framework around the management of Garda payroll overpayments within both organisations. As a result, this report can only provide limited assurance to the respective Audit and Risk Committees and Accounting Officers with regard to the management of Garda payroll overpayments.

Appendix A: Explanation of Audit Opinion

Audit opinions expressed in Internal Audit Reports are based on two elements:

1. Risk Rating
2. Control Weaknesses identified during the audit

1. Risk Rating

The Risk Rating relates solely to the classification by the auditor of the overall inherent risk associated with the area(s) being audited. The Auditor assesses the different type of risk exposures (Strategic, Operational, Financial and Reputational) associated with the area being audited and rates the area on a three-point scale: high, moderate or low based on his / her assessment of the level of overall risk of the area(s) audited.

The Risk Rating designated by the auditor relates to the inherent risk associated with the section due to the nature of the work carried out. It should not be confused with Control Weaknesses identified during the audit, responsibility for which rests with line management.

Garda payroll overpayments is considered to be a serious risk area.

2. Control weaknesses identified during the Audit

Control Weaknesses identified during the audit are rated by the Auditor on a four-point scale - Very Serious, Serious, Moderate or Minor in accordance with the number and nature of audit issues arising.

This audit identified:

- 11 Serious control weaknesses; and
- 3 Moderate control weaknesses.

As a result, the overall level of control weaknesses for Garda payroll overpayments in the National Shared Service Office is considered to be serious.

3. Audit Opinion

The audit opinion is based on the inherent risks in the area under review (Risk Rating) and the overall level of audit issues and control weaknesses identified during the audit. There are four categories of audit opinion possible as set out in Table 3.1 below.

Based on a serious risk rating for the area under review along with the mostly serious control weaknesses identified, this report can only provide limited assurance to the Audit and Risk Committees and Accounting Officers of both organisations in relation to Garda payroll overpayments.

INTERNAL AUDIT

Table 3.1 - Categories of Audit Opinion

Control Rating	Weakness	Meaning	Opinion Level	What this means for the area being reviewed
Minor [System works well, only minor improvements needed]		Procedure or control where improvement would permit the system to operate in a more effective way and which management should address in the short to medium term.	Substantial Assurance	There is a sound system of control with some minor weaknesses, there is a low level of risk that objectives will not be achieved
Moderate [System works, some improvements are needed]		Weakness in control where the implications are not as serious or the control itself is not fundamental to the operation of the system, but represents a risk that management should address in the short term in order to reduce that risk to an acceptable level.	Moderate Assurance	The system works but there are some weaknesses; there is a moderate level of risk that objectives will not be achieved
Serious [System works partially, substantial improvements needed]		Issue(s) identified has serious implications or relates to a control fundamental to the effective operation of the control system and which management should address urgently.	Limited Assurance	There are very significant weaknesses in key areas in the system of control; there is a high level of risk that objectives will not be achieved.
Very Serious [System essentially does not work]		Issue identified represents a major risk with significant material and/or legal implications and is fundamental to the effective operation of the control system and which management should address immediately.	No Assurance	The control system is ineffective or has fundamental weaknesses. There is a very high level of risk that objectives will not be achieved.

1. 10/10/10

1. 10/10/10