



Circular Letter Pay 15/04

FOR THE ATTENTION OF BOARDS OF MANAGEMENT, PRINCIPALS AND ALL STAFF PAID ON DEPARTMENT OF EDUCATION AND SKILLS PAYROLLS

Policy and Procedures for dealing with Overpayment of Salary/Allowances

The purpose of this Circular is to advise on the policy and procedures for recouping overpayments of salary / allowances to staff on Department payrolls. The procedures outlined have, in general, been operating in practice and are being set out in this Circular for the sake of clarity. It is not intended that the operation of these procedures will cause undue hardship to any staff member.

Overpayments of salary / allowances to staff on Departmental payrolls occur for numerous reasons. Many of these reasons could be avoided with the support of schools and staff members. For example, where a temporary staff member finishes a contract and the Department is not informed or receives late notification, the temporary staff member may be overpaid in the intervening period. The following are a number of reasons that overpayments can occur. This list is not exhaustive.

- Late notification of end-date of contract / acting-up allowance
- Incorrect start date of contract
- Sick leave of staff in excess of allowed limits
- Late notification of commencement of career break
- Payment of incorrect point of salary scale / allowance
- Late notification of date of voluntary retirement
- Appointment of retired teachers to temporary / permanent posts
- Late notification of commencement of unpaid leave (maternity/parental/unpaid sick leave etc.)

The occurrence of overpayments in the case of the situations listed above is avoidable and with co-operation, the inconvenience caused to staff members in such situations can be alleviated. It is acknowledged that it may not always be possible for school management / staff members to provide the Department with the required written notification in advance. In that instance, it should be possible to contact the Department directly - by phone or e-mail; thereby lessening the risk of the staff member concerned being overpaid.

It is also acknowledged that overpayments can arise from errors within the Department although procedures have been put in place to minimise the risk of such occurrences.

Policy where staff member is still in receipt of salary/pension

On discovery of an overpayment, the Department will notify the staff member, in writing, of the existence of the overpayment, the amount, and the reason the overpayment occurred. The letter will outline various methods of repayment (*see Methods of Repayment below*) and the staff member will be asked to revert with their selected repayment option within a specified timeframe. The letter will also be a notification that deductions (*see Standard Deductions*) from salary/pension will commence if a response is not received within the specified timeframe. If no response is received, deductions from salary/pension will commence from the next available payroll issue date.

Current Year Overpayment Recoupment

If the overpayment is being recouped during the tax year in which the overpayment occurred, the amount of overpayment to be recouped is the gross amount of the overpayment. If the overpayment is recouped by means of salary/pension deductions, the gross amount of the overpayment is deducted from **gross** salary. Using this method, any tax rebate owing to the staff member will be generated through the payroll. Pension, Pension Related Deduction (PRD), Universal Social Charge and PRSI contributions are also adjusted accordingly, where appropriate.

Out-of-Year Overpayment Recoupment

If the overpayment is being recouped in a tax year(s) following the tax year in which the overpayment occurred (out-of-year recoupment), the amount of the overpayment recouped is the gross amount of the overpayment less pension and PRD contributions paid on that amount. If the overpayment is recouped by means of salary/pension deductions, the gross amount of the overpayment, less pension and PRD contributions if applicable, is deducted from **net** salary. In the case of overpayments recouped out-of-year, the Department will send statements of the overpayment recouped to the staff member. The staff member can then apply to the Revenue Commissioners for a tax rebate and the Department of Social Protection for a refund of PRSI contributions on the amount of the overpayment recouped out-of-year. In general, this statement can only be issued when the overpayment has been fully recouped.

Methods of Repayment

- Deductions from salary/pension until overpayment is reduced to nil.
- Payment by single lump sum
- Part payment by lump sum and remainder by deductions from salary/pension
- If it transpires that a staff member is due an enhanced payment such as arrears of salary / allowances, supervision, July Provision or Redundancy before the overpayment is fully recovered, this enhanced payment **will be held** as part or full payment of the overpayment.

If an overpayment has not been fully recouped when a staff member retires, the remaining balance of the overpayment will be deducted from any retirement gratuity to which the staff member may be entitled. The staff member will continue to be liable for any outstanding balance of the overpayment if the retirement gratuity is insufficient to repay the overpayment in full.

Please also note that a salary/pension deduction will be taken from payment on each of the Departments centralised payrolls if a person is paid salary/pension on multiple payrolls, until the overpayment is recovered in full.

Deductions from Salary

The following is a table of the standard overpayment deduction amounts that will apply to a staff member's salary/pension. The standard deductions outlined below are subject to change, as appropriate, in the future.

Staff Member	Standard Deduction
Serving Teacher	€ 100
Retired Teacher	€ 60
Special Needs Assistant	€ 60
Clerical Officer	€ 60
Caretaker	€ 60
Child Care Worker	€60
Part time staff	€60 or 20% of gross pay

It is, of course, open to a staff member to have more than the standard amount deducted from their salary/pension.

Policy where staff member is no longer in receipt of salary/pension

Examples of staff members in this category would include:

- Staff members who have completed / ended a permanent, temporary, fixed term, fixed purpose, casual or non casual contract
- Staff members on career break
- Staff members on unpaid leave

On discovery of an overpayment, the Department will notify the staff member, in writing, of the existence of the overpayment, the amount and the reason the overpayment occurred.

The letter will outline various methods of repayment and the staff member will be asked to revert with their selected repayment option within a specified timeframe.

The amount of the overpayment, whether recouped during the tax year in which the overpayment occurred or in a later tax year(s), is the gross amount of the overpayment, less pension and PRD contributions paid¹ on that amount.

In the case of overpayments recouped from staff members no longer in receipt of salary/pension, the Department will send statements of the overpayment recouped to the staff member. The staff member can then apply to the Revenue Commissioners for a tax rebate and the Department of Social Protection for refund of PRSI contributions on the amount of the overpayment recouped out-of-year. In general, this statement can only be issued when the overpayment is fully recouped.

¹ In the case of staff members (e.g. retired teachers) who are not members of a superannuation scheme and, therefore, do not pay pension contributions; the amount of the overpayment recouped is always the gross amount.

Methods of Repayment

- Payment by single lump sum
- Part payment by lump sum and remainder by instalments over an agreed period
- Instalments over an agreed period

If it transpires that a staff member is due any payment such as arrears of salary / allowances or redundancy before the overpayment is fully recovered, these payments will be held as part/full payment of the overpayment.

If an overpayment has not been fully recouped when a staff member retires, the remaining balance of the overpayment will be deducted from any retirement gratuity to which the staff member is entitled. The staff member will continue to be liable for any outstanding balance of the overpayment if the retirement gratuity is insufficient to repay the overpayment in full.

Overpayments due to the death of a staff member / retired staff member

Overpayments may occur if the Department does not receive notification or receives delayed notification of the death of a serving or retired staff member.

In such cases, the amount of overpayment recouped is always the net amount of the overpayment. The Department will issue notification of the occurrence of the overpayment to the executor of the estate / next of kin of the deceased person. Methods to recoup the overpayment will be the same as those for staff members no longer in receipt of salary and are outlined above.

Where a staff member dies in service and a death gratuity is payable to the estate of the deceased under the term of the pension schemes, any outstanding overpayment will be recouped from the death gratuity.

This Circular is available on the Department's website: www.education.ie and select the circulars option.

Enquiries regarding this Circular should be e-mailed to:

Primary Teachers - primtch_payroll@education.gov.ie

Post Primary Teachers - PPPayroll@education.gov.ie

Non Teaching Staff (SNAs etc) - NTSPayroll@education.gov.ie

Retired Teaching and Non Teaching Staff – RTPS@education.gov.ie

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February 2011