

Chambers says NSSO ‘failed in fundamental duty’ with pension blunder

Martin Frawley

The Minister for Public Expenditure, NDP and Reform, Jack Chambers, has requested an “immediate” external forensic audit of the National Shared Services Office, after “serious and systemic operational issues” were identified regarding overpayments but also some underpayments affecting thousands of current and former civil servants and Government ministers.

The Minister said that three cohorts are affected, namely civil service retirees with work-sharing patterns, current and former ministers and office holders, and retired senior civil servants.

One issue identified concerns the miscalculation and under-payment of pensions for some work-sharing civil service retirees who were in receipt of allowances prior to retirement in the last 20 years or so.

While the Minister said he could not be specific on the amounts involved for each individual overall, he said the amounts potentially range from a few hundred euro to over €30,000 in terms of monies to be recouped.

He said that a scoping exercise is underway by the NSSO in which 13,000 retirees will be checked for miscalculations, though he added that not all will be affected.

Mr Chambers said the issues arose from administrative errors in the NSSO and were not the fault of any of the individuals impacted.

Another issue identified relates to the incorrect application of pension deductions for most members of the current Government, Ministers of State, some members of previous Governments and recent office holders.

This relates to superannuation deductions and Additional Superannuation Contributions (ASC) with respect to salaries, allowances, and gifted income.

“The NSSO is commencing a process today to contact Ministers to outline the issue to them and to make arrangements for the recoupment of monies owed or to issue refunds as appropriate”, said the Minister. In addition to recoupment of monies, Mr Chambers said some ministers are owed up to €20,000.

EXISTING CONTROVERSY

The third major issue identified concerns the administration of Chargeable Excess Tax (CET) and Withholding Tax (WHT) in respect of a small number of senior grade civil service pensioners. CET is a tax on pension funds at retirement which exceed the Standard Fund threshold which currently stands at €2 million.

Under these rules, WHT is deducted from retirement lump sums in excess of €200,000. The Minister said that between CET and WHT, the NSSO has identified 30 cases with liabilities ranging from a few hundred euro to as much as €280,000, and which would affect those from Principal Officer (PO) level and upwards.

This is already a controversy among senior public servants, particularly the Gardaí, who argue that senior ranks are failing to apply for promotional posts as their pension funds will exceed the

€2m threshold, leaving their retirement lumps sums subject to what they say is unfair tax charges.

“The NSSO has responsibility for the essential function of the provision of pay and pensions to public and civil servants and it has failed in this fundamental duty”, said the Minister.

GREATER OVERSIGHT

In addition to the forensic audit of the NSSO, Minister Chambers has appointed former Secretary General in Finance, Derek Moran, as chair of the NSSO Advisory board. The Minister said he is also requesting a broad external review of the NSSO’s capacity and structures. He added that legislation underpinning the NSSO will be amended “to ensure greater accountability and oversight”.

The Minister said that he wants to ensure that all monies owed to the State are fully recouped and monies owed to individuals are refunded.

This is not the first time the NSSO has been the subject of controversy. Established as ‘Peoplepoint’ in 2013, a few years later it was heavily criticised in a review by the Comptroller and Auditor General over its failure to collect overpayments of €3.7million.

A 2018 survey by Fórsa found that 83% of civil servants had experienced problems with the NSSO, mainly concerning the recoupment of overpayments, but also concerning pensions, sick leave and parental leave.

A 2018 circular from DPER on the treatment of overpayments required that staff must repay a minimum of 8% of gross pay per pay period, or the recoupment of the entire overpayment within 12 months, whichever achieves the repayment in the shortest time.