



Feidhmeannacht na Seirbhíse Sláinte
Health Service Executive

Oifig an Stiúrthóra Náisiúnta, Acmhainní Daonna
Feidhmeannacht na Seirbhíse Sláinte
Ospidéal Dr. Steevens'
Baile Átha Cliath 8

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HSE HR Circular 012/2013

29th May 2013

**TO: Each Member of Management Team, HSE;
Each Regional Director of Operations, HSE;
Each Assistant National Director of Human Resources, HSE;
Each Employee Relations Manager, HSE;
Each CEO & HR Manager, Intellectual Disability Sector
Each CEO & HR Manager directly funded Voluntary Hospital / Agency;**

RE: National Protocol for PRSI Classification

The National Review Group for PRSI classification has reported back with an agreed national protocol. The membership was drawn from our colleagues in the HSE, the Voluntary Hospitals and the Dublin Academic Teaching Hospitals.

The Terms of Reference agreed by the group outlined two objectives:

1. Agree a national protocol on how to manage the misclassification of PRSI and put our proposal to the Department of Social Protection (DSP) – Scope Section.
2. Investigate the extent of the issue throughout the HSE/DATHs/Voluntary Sectors.

Members of the group met with the Scope Section of the DSP several times for clarifications and to progress standardisation on the process for the correction of misclassifications. The group also engaged with Arthur Cox, Solicitors in relation to legal opinion on issues of employers' liability and that advice determined some of the protocol.

I have reviewed the report submitted and documents contained therein and approve the implementation of this national protocol for the HSE and HSE funded Agencies.

The National Protocol to resolve misclassified cases outlines the tasks, owners and outcomes required to be completed to ensure cases are resolved in a consistent manner across the Health Section. (Appendix 1 refers).

It has been further agreed with Scope/DSP:

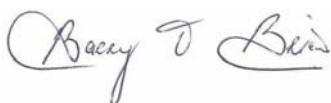
- A one page authorisation/offset document can be completed by the employee if they wish their PRSI refund to offset against their shortfall in pension contributions (Appendix 2 refers).
- The calculation sheet enables employers to outline exactly what *is paid* versus what *should have been paid* particularly in terms of PRSI. (Appendix 3 refers).
- This calculation sheet should be returned to Scope/DSP where they will complete their section. There is a finite timeframe for this element of the process. It is used to speed up the processing of claims that have built up over time. (Appendix 3 refers).

In relation to objective 2 above, to assist in reporting on the financial position a spreadsheet should be completed and returned on a quarterly basis confirming what cases are closed and the income and expenditure from those cases. Appendix 4 refers.

Please bring this to the attention of all relevant staff.

If you have any queries on the content of this circular please contact Ms. Fionnuala O'Brien, National HR Services, 20-23 Merchants Quay, Dublin 8, (01) 8817007 or by email fionnuala.obrien1@hse.ie.

Yours sincerely,



Barry O'Brien
National Director Human Resources

Appendix 1: National Protocol for the HSE and HSE Funded Agencies at May 2013

Appendix 2: Authorisation/offset Form

Appendix 3: Calculation Sheet

Appendix 4: Income and Expenditure Return

Appendix 1

National Protocol for the HSE and HSE Funded Agencies at May 2013

Tasks	Task Description	Owner	Outcome
1	Initial notification letter to staff suggesting their PRSI classification may be incorrect	Employer	Employee now knows their employment history is being sent to Scope to determine PRSI classification
2	Send request for determination to Scope	Employer	Deciding Officer in Scope reviews case
3	Scope notify employee and employer of their decision	Scope	PRSI may be reclassified
4	If PRSI is incorrect the employer changes the record of the employee	Employer	Changed class on payroll record and personnel record
5	Write to employee and confirm record is changed	Employer	
6	Balancing statement required from Scope for each employee	Scope/Employer	Employer will know what has to be paid back to the employee from Scope
7	Scope standard calculation sheet to be completed.	Scope issued	Being reviewed by Finance HSE (s/s attached)
8	Part A of Scope standard calculation sheet (part in red)	Superannuation/Pensions	Amount of pension contributions underpaid
9	Part B of Scope standard calculation sheet also check refund years (part in red)	Payroll/Scope	Employee PRSI that was paid against what should have been paid (PY) less Social Insurance Benefits (if any) (Scope)
10	Part C of Scope standard calculation sheet (part in red)	Payroll/Scope/Receipts	Employer PRSI amount paid over against what should have been paid (PY)

Tasks	Task Description	Owner	Outcome
			less Social Insurance Benefits (if any) (Scope and Receipts)
11	Offset Authorisation form requested to be completed by employee and returned to Scope within 28 days. Not applicable to retirees who have already had their superannuation contributions deducted from their lump sum.	Employer	Part payment to cover underpayment of pension contributions by employee if they agree to that.
12	Part A of Authorisation form deleted. Agreed with HSE/Scope	Scope/Employer	Employer refund will be refunded by Scope to the Employer less Social Insurance Benefits (if any)
13	Part B of Scope standard calculation sheet completed by Scope (part in black)	Scope	Now know exact amounts of refunds
14	If calculations show monies can be offset against employee refund then Scope inform the employer and request them to check with the employee if they wish to sign off the Authorisation form	Scope	Now know exact amounts of refunds
15	Invite the employee affected to a meeting re balancing of monies due (pension contributions underpaid) and monies to be refunded (overpayment of PRSI past the 4 year rule)	Employer	Employee will understand their position. Authorisation form can be signed by the employee if they agree to use their PRSI refund from Scope to pay off the underpayment of pension contributions. (Optional on the part of the employee,

Tasks	Task Description	Owner	Outcome
			cannot legally enforce this re Arthur Cox advice)
16	Authorisation form amended and agreed between Scope and the employer: I hereby authorise that should there be a net refund of my PRSI overpayment (less benefits drawn down) that it be paid over to my employer as part payment of my pension contribution underpayment.	Scope/Employer	Scope Authorisation form amended by the employer
17	Deleted Authorisation form part A: Employer authorises Scope to pay over shortfall (4 year rule) of PRSI refund from employers 4 years PRSI refund.	National Review Group recommends employer PRSI refund is paid in full (for the 4 years if applicable) to the current employer.	Simplifies the form. Agreed with Scope.
18	Employers PRSI to come from Scope. Refund of full 4 years PRSI refund to be paid to the employer less Social Insurance Benefits (if any).	Scope	The full PRSI refund to be lodged to employers accounts.
19	Monitor and record all payments due and received from Scope	Employer	Monies due to the employer from overpayment of PRSI on individuals.
20	Tax rebate for the years superannuation was underpaid. Employer to issue, on request, a letter confirming superannuation contribution paid over.	Employer	Reviewed by Finance and SOP remains in place. The employee takes the letter to their tax office.
21	Refund of over deducted PRSI to the individual	Scope	4 years refund of EE PRSI from DSP/Scope less any

Tasks	Task Description	Owner	Outcome
			benefits drawn down for the totality of the years of the error.
22	Determine the employer's liability to their employee. Charge to current/last cost centre of the employee.	Scope/Employer	Balancing statement from DSP/Scope to employer to determine employers liability for previous years. As per calculation sheet.
23	Recovery of underpaid pension contributions from the employee. Use offset Authorisation Form, if not agreed by with the employee then the employer must write to the employee once the employee has been refunded their portion from DSP.	Employer	Employer will know when the employee has been refunded as the employer will also get their refund or balancing statement from DSP.
24	Recovery of overpaid employer PRSI. Scope to issue cheque to relevant employer	Scope	Employer revenue stream increases by 4 years overpayment of employer PRSI.
25	Refund cheques to employer from Scope	Employer	Returned to current relevant cost centre the employee is or was last coded to
26	Balancing payments to be issued	Employer	Employee refunded
	Multiple Employers Issue		
	Single/Current/Final Employer Where an employee has been employed by many employers and the error is discovered with current/final employer		
	Current/Final employer deals with the pension underpayment as they	Current employer	Clear for employee in relation to pension underpayments and who get what

Tasks	Task Description	Owner	Outcome
	will be paying the pension. Follow the above procedure.		
	Current employer acts as a co-ordinator. Current employer makes Scope aware of employment history. Request for calculations from previous employers	Current employer/previous employers	Makes it easier for Scope and the employee to dealing with the current employer in their co-ordinating role.
	Where the error happened under the employment of a previous employer	Previous employer	That portion of employment for PRSI refund must be borne by the previous employer and not the current.
	Each employment is dealt with independently in relation to liability and refund on the PRSI issue.	Scope/Previous Employers Co-ordinated by current employer	PRSI shortfall paid by the relevant employer(s) to the former employee for that period of time.

Appendix 2

LOGO & Personalise for Agency

Authorisation (Offset Form) Form to the Department of Social Protection (DSP) **/Employer/Agency name**

Where there is:

A shortfall in employee superannuation contribution and overpayment of PRSI contributions

PRINT NAME: _____

PPSN: _____ **PERSONNEL NO.** _____

EMPLOYER: _____ **LOCATION:** _____

I understand that I have (i) underpaid superannuation contributions and (ii) have overpaid PRSI contributions (at Class A rather than Class D rate)

for the period from _____ to _____.

I note that I will be required to pay superannuation contributions, which have to date been underpaid, in order to receive my full superannuation entitlement and I hereby consent to the proposal that should there be a refund due to me, all refunds of PRSI overpayments

(whether payable by the DSP or/and paid by the HSE)*

will be applied to satisfy (in full or in part) the underpaid superannuation contributions.

I hereby confirm that the DSP and/or the HSE is authorised to apply refunds of PRSI overpayments in the manner specified above (i.e. to satisfy any underpayment of my employee superannuation contributions).

I understand that if the refund of PRSI overpayments (whether payable by DSP or paid by the HSE) exceeds the underpaid superannuation contributions, I will receive a payment in respect of the amount by which the refund of PRSI overpayments exceeds the underpaid superannuation contributions. I also understand that if that refund of PRSI overpayments is less than the underpaid superannuation contributions, I will remain liable for any unpaid balance.

Signed _____ Date _____

*Tick as appropriate

Appendix 3
Calculation Sheet (e.g. employee shortfall)

Ref: SC 00/2010

NAME	Joe Bloggs	PPSN	1x3x5x7 Z	
Location	Employer/Agency & Location	Personnel No.	xxxxx	
Calculated by Payroll, Pensions or HR Unit - as appropriate				
A.	<u>PENSION contributions shortfall - full period of correction</u>	-	-	Total
		-	-	€
	Pension contributions payable : at un-co-ordinated rate			
	Pension contributions paid : at co-ordinated rate	-	-	
	Shortfall in EE Pension Cons. - full period			0
			Plus / Less Temp Service	€ -
			(i.e. EE pension contributions shortfall - full period)	
	<u>PRSI</u>	<u>4 year statutory limitation period</u>	-	
		(2007 to 2011)		
<u>B.</u>	<u>PRSI : EMPLOYEE (EE) POSITION</u>	€	-	-
	CLASS A rate paid			
	CLASS D rate payable			
	Excess Employee PRSI (deducted in error by Employer)	0		
	Less: Social Insurance Benefits (if any) to the Employee			
	(e.g. dental/optical, benefits not transferred to employer)			
	Net Employee (EE) PRSI sums over-deducted			
		(= B.1)		
		(i.e. statutory EE amount available		

		from DSP)		
C.	PRSI : EMPLOYER (ER) POSITION	€	-	-
	CLASS A rate paid			
	CLASS D rate payable			
	Excess Employer PRSI applied	0		
	Less: Social Insurance Benefits (if any) to the Employer			
	(e.g. maternity/illness etc. to the benefit of employer)			
	<i>Net Employer (ER) PRSI sums over-applied</i>			
		(= C.I)		
		(i.e. statutory ER amount available from DSP)		

