OFFICE OF THE
COMPTROLLER & AUDITOR GENERAL

Irish Scottish IDEA User Groups

Redundancy Payments and Reemployment Patterns

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Office of the Comptroller and Auditor General in Ireland

- Current C&AG - Seamus McCarthy – since 2012

- Audits State departments and offices – 376 audits

- Publishes value for money (VFM) and performance reports

- Staff complement – 132 to support him

- Additional contracted resources available

My roles

- Currently I oversee 9 education-related audits – turnover €9 billion

- Between 2008 and 2014 – conducted numerous VFM and performance reports

- Using IDEA extensively in both audit and reporting

- Train staff in use of IDEA

Statutory redundancy

- Statutory redundancy is calculated as two weeks per year worked plus one week – subject to €600 per week maximum

- The redundancy payment is intended to assist the transition of that employee into another employment, which could happen immediately after the termination of his previous employment

- Employees who have been made redundant by their former employer are not in any way limited from taking up new employment.

Redundancy payments

- Up to 31 December 2011 the State funded 60% of statutory redundancy. (2012: 15% funding. No funding from 2013)

- Employer funded 40%

- State refunded employers 60% of statutory redundancy paid by them

- 100% of statutory redundancy paid by the State to employees where employer could not or did not pay – employer pursued for refund of 40% payable by it

- Employer funds any redundancy payments over and above the statutory amount

Department of Social Protection

- State element of redundancy payments are made from the Social Insurance Fund (SIF) managed by the Department of Social Protection (DSP)

- The SIF is funded by employee and employer social insurance contributions

- Therefore, payments from the SIF are on an entitlement basis rather than on a means assessed basis

Conditions of statutory redundancy entitlement

- Must have worked for at least two years with employer

- Must be making social insurance contributions – Class A

- Must not be replaced by a new worker

- Tax free payment

Why examined

- Economic downturn led to a three-fold increase in the number of redundancy claims from 25,000 in 2007 to 77,000 in 2009

- C&AG interested in examining and reporting the extent to which and how quickly redundant employees found subsequent employment

- C&AG also interested in management of redundancy-related debtors, which increased by 62% between 2007 and 2009

Obtaining files – protocol

- Formal notification and appointment of liaison person

- Establish system functionality and fields

- Identify relevant fields in files

- Security arrangements
  - formal approval for transfer between DSP and OCAG
  - transfer over secure portal
  - minimum personal data

Files available

- **Redundancy file** – details of employer, redundant employee, dates of service and redundancy, earnings, approvals, date of payment, how much was paid

- **Commencement of employment (CoE) file** – details of new employer, employee, date employment started and date employment ended

- CoE file initially generated by Revenue for tax purposes – shared with DSP for to assist it with identifying any payments made to persons who have been registered as being not working

File types

- Excel files – old and new versions – limited capacity particularly in the old version

- Access database – some size limitation

- CSV file

- Report files – can be problematic and require significant cleansing prior to import

- Redundancy file in Access format and CoE files delivered in CSV format

Redundancy details received

- Claims processed in 2009 and up to the end of May 2010

- Unique identifier – PPSN number (SI Number), claim number

- Employer number

- Service and earnings details

- Redundancy entitlement and payment by the SIF

- Details of how much employer paid

- Details of authorisations/approvals of claim and payment

Commencement of Employment Files 2009 and 2010

- Employee number – PPSN

- Employer number

- Commencement of employment date

- Termination of employment date

Cleansing files before import

- Resolve as many issues with formats and linearity before import – as these files were delivered in Access and CSV there were no linearity issues

- Remove unwanted fields before importing

- Ensure the correct format of fields before importing – text, numeric, date

- Only one row for the heading and each record

- No totals

- Always keep an un-edited copy of the files received – never know when it might be needed to re-import or to refer to it

Importing files

- Both files were imported to IDEA

Check accuracy of the file imported

- Check for duplicate records – duplicate key or summarisation

- **Redundancy file** – the total payments made according to the file was compared with the charges in the SIF financial records

  Number of records and hash totals compared with original file

- **CoE file** – confirm the total numbers starting employment in 2009 and 2010 with original CoE file to ensure that all records were successfully imported

Duplicate records

Redundancy file

- About 1,300 duplications arose due to overlap of file selection in extraction scripts used by client for the redundancy file.

- Duplication resolved by summarisation using claim number as key field – all fields were selected for output and no accumulation/totalling of numeric fields

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Initial statistics – Redundancy File

- 80,188 claims with a statutory entitlement of €805 million

- Payment recorded as total cheque issued to the employer – i.e. same cheque number and amount repeated for each employee

- Resolution – summarise by cheque but not add the amount of the cheque – just included that field and the employer details

- Total State payments €530 million – but 60% of €805 million is €483 million.   Therefore, €47 million paid represents payments made on behalf of employers, which is pursued.

Checking veracity of claims/payments

Desk checking each claim using IDEA

- **Eligibility** – using @age that employment termination date and start date time is greater than 2 years and checks that PRSI is Class A

- **Statutory entitlement** – multiply weekly earnings by 2 and by number of years worked and plus 1 week – max €600 p/w

- **Authorisations and approvals** – electronic signatures

Site audit of focused and IDEA-selected random sample of claims for manual checking against documentation and rules

Key fields

- Key fields in both files identified as employee PPSN and employer number. The claim number in the redundancy file was also used as a key field.

- Noted that the CoE file had additional "0" at the start of the key fields that would prevent joining using these fields

- used @mid in IDEA (or =mid in excel) to create new CoE key fields with the leading "0" stripped out

- Could not use remove leading zeros function as some PPSNs and employer numbers legitimately start with "0"

Establishing who found employment following redundancy

- Joined the CoE file using the employee PPSN in both files – new file created – "Redundancy and CoE joined"

- This join was done using "matches only" option so that a new file was created with only those people who were made redundant – "Redundant and found employment"

- Individuals who were made redundant and didn't find employment, and those who found employment but were not paid statutory redundancy were not required for analysis

How many found work

21,900 redundant workers found subsequent
employment before the end of May 2010

Setting interval between redundancy and reemployment

- First checked that the date of new employment was later than the date of redundancy – new field created and tagged:-

  @if CoE(start date > Redundancy end date, "After", "Before")

- Any start dates "Before" were eliminated by extracting only those "After" – new file "redundant and found employment after"

- Timing of new employment – new field:-

  @age(CoE start date, Redundancy end date)

Where did they find employment

Redundant workers found subsequent employment with:

- The original employer that made them redundant

- Another employer or

- Transferred to a pension arrangement

Resuming work with the original employer

Extraction of records where the old employer number and the new employer numbers were the same showed that:

- 1,464 workers were reemployed by the company that had made them redundant

- When this extraction was summarised by employer, there were 903 employers – meaning that there were multiple reemployments by some employers.

- Rejoined this summary back to the extraction of 1,464 workers where the interval between employments has been set
  - ➢ 7% were reengaged within one month and
  - ➢ 24% reengaged within three months

Workers moving en bloc to other companies

- Extract all records where old and new employers are different

- Summarisation of this extract by old and new employer

- Further extract from result where the old and new employer are different and where there were ten or more employees (number of records is 10 or more) – i.e. transfer en bloc

Result:

969 employees moved in groups of 10 or more from 34 old employers to 34 new companies.

Nature of new companies – different new company

The nature of the old employers and new companies was manually researched and it was found that

- 544 employees made redundant from 15 employers transferred to pension arrangements

- 425 employees made redundant from 19 employers moved en bloc to 19 new employers

Moving en bloc to new employers

To identify those who moved en bloc to new employers

• a new join file was created whereby the summary file of the 19 different old and new employers was joined back to the detailed reemployed with a different employer file – key fields old and new employer

• only matches were included – i.e. only those 425 employes in the moving en bloc-cohort were included in the new file

The period within which these moved en bloc was:-
➢ 33% of the 425 employees moved within three months
➢ all 425 were reemployed within 7 months

Report conclusions

- 1.6% of the claims were in respect of persons rehired by the employers who made them redundant

- 1% represented a sample of employees who were rehired in groups of ten or more by new employers

- 2.6% consisted of employees who moved to pension schemes.

  The C&AG concluded that there was an opportunity to increase monitoring of overall employment patterns, including reemployment following redundancy. Such information could provide a valuable input into future employment policy initiatives

Thank you

Any questions?