

## VOTE 40. - SOCIAL WELFARE

### 40. Overpayments

The Department of Social Welfare (DSW) administers some 50 social assistance and social insurance schemes, with 1996 expenditure amounting to £4.2bn.

Since 1992 co-ordination of all anti-fraud activity within DSW is the responsibility of a control division which has 22 staff. There are some 600 staff altogether working on control activities throughout the Department, including specific investigation units which work at local, regional and national level and in conjunction with other bodies such as the Office of the Revenue Commissioners. Of these, some 300 staff are involved in control activity on a part time basis.

From 1992 to 1996 the annual expenditure on social welfare programmes increased by 27%, while the level of fraudulent claims detected by the DSW increased over the same period by 85%.

Tables 7 to 10 show that during 1996, 32,609 cases amounting to £18.9m in overpayments were recorded for recovery of which 10,560 cases amounting to £13.6m of overpayments were attributed by DSW to fraud or suspected fraud.

**Table 7 - Social Insurance - Overpayments Recorded for Recovery**

Scheme	1996		1995	
	Amount £'000	Cases	Amount £'000	Cases
Disability Benefit	1,343	2,982	1,137	3,230
Maternity Benefit	11	40	15	45
Unemployment Benefit	1,288	7,761	1,324	7,202
Old Age (Contributory) Pension	161	293	195	353
Widow/er's (Contributory) Pension	141	192	141	171
Invalidity Pension	635	414	479	490
Retirement Pension	97	211	156	243
Disablement Pension	66	24	28	19
Injury Benefit	21	127	29	179
Deserted Wife's Benefit	252	70	188	50
Pay Related Benefit	4	33	12	207
Unemployability Supplement	37	28	63	30
Treatment Benefit	10	118	12	128
Equal Treatment	52	73	343	565
Redundancy	0	0	4	2
	4,118	12,366	4,126	12,914

**Table 8 - Social Insurance - Overpayments Attributed to Fraud or Suspected Fraud**

Scheme	1996		1995	
	Amount £'000	Cases	Amount £'000	Cases
Disability Benefit	695	311	528	423
Maternity Benefit	2	3	0	0
Unemployment Benefit	759	2,486	785	2,552
Old Age (Contributory) Pension	2	2	6	3
Widow/er's (Contributory) Pension	10	4	30	9
Invalidity Pension	528	161	405	241
Retirement Pension	4	2	56	9
Disablement Pension	14	4	2	2
Injury Benefit	11	56	14	121
Deserted Wife's Benefit	189	17	124	20
Pay Related Benefit	2	20	7	122
Unemployability Supplement	15	6	7	1
Equal Treatment	1	2	4	2
	2,232	3,074	1,968	3,505



**Table 9 - Social Assistance - Overpayments Recorded for Recovery**

Scheme	1996		1995	
	Amount £'000	Cases	Amount £'000	Cases
Old Age and Blind Pensions (Non-Contributory)	5,441	936	3,698	822
Child Benefit	443	2,389	328	2,006
Unemployment Assistance	6,030	14,645	5,123	12,433
Pre-Retirement Allowance	621	263	385	204
Widow's and Orphans' Pensions (Non-Contributory)	220	52	204	47
Deserted Wife's Allowance	36	8	142	14
Lone Parent (Prisoner's) Allowance	14	5	11	9
Family Income Supplement	396	973	511	1,123
Lone Parent (Unmarried) Allowance	1,296	756	1,528	873
Lone Parent (Separated) Allowance	139	103	263	124
Lone Parent (Widowed) Allowance	35	8	59	43
Carer's Allowance	10	32	33	47
Rent Allowance	0	0	19	3
Part-time Job Allowance	4	16	0	0
Back to Work Allowance	50	57	8	21
	14,735	20,243	12,312	17,769

**Table 10 - Social Assistance - Overpayments Attributed to Fraud or Suspected Fraud**

Scheme	1996		1995	
	Amount £'000	Cases	Amount £'000	Cases
Old Age and Blind Pensions (Non-Contributory)	4,391	556	3,335	470
Child Benefit	272	780	257	1,329
Unemployment Assistance	4,898	5,664	4,058	5,019
Pre-Retirement Allowance	523	99	180	39
Widows' and Orphans' Pensions (Non-Contributory)	147	29	170	33
Deserted Wife's Allowance	22	5	71	6
Lone Parent (Prisoner's) Allowance	8	1	7	3
Family Income Supplement	227	96	217	125
Lone Parent (Unmarried) Allowance	799	203	1,135	222
Lone Parent (Separated) Allowance	79	24	190	38
Lone Parent (Widowed) Allowance	1	1	8	4
Carer's Allowance	2	5	12	15
Rent Allowance	0	0	19	2
Part-time Job Allowance	2	4	0	0
Back to Work Allowance	41	19	5	10
	11,412	7,486	9,664	7,315



#### 41. Unemployment Payments - Anti Fraud Measures

As a result of a growing divergence between the number on the Live Register and the indicative number of unemployed persons shown by the labour force surveys conducted by the Central Statistics Office (CSO), a special study was undertaken by the CSO in 1996 to establish the reasons for the difference. The study report suggested that the true rate of unemployment might be overstated by the Live Register figures and that the level of fraudulent claiming could be far greater than hitherto assumed.

As a response to these findings, DSW introduced special measures to improve control of payments and to maximise the use and co-ordination of all available resources as follows

- A new function of Live Register management was introduced to co-ordinate and to report on all aspects of the work of the units involved in unemployment schemes payments, including the control of fraud and abuse and the creation of measures designed to encourage the transition to work.
- Local area control teams were established for each of DSW's local offices. These teams under the local area manager co-ordinate all the activities and resources in relation to the control of the Live Register at local level. They ensure that the control activities, established and new, are being vigorously applied and augment them with particular approaches based on local knowledge and circumstances.
- An extra 57 staff were deployed to assist in the control of fraud and abuse at local office level.
- A major campaign began in September 1996 across all regions to validate addresses by way of special questionnaires. The opportunity was also taken to verify claimants' current means and circumstances and to remind them of the conditions for entitlement to unemployment payments. Some 200,000 such verifications were issued in 1996.
- A renewed priority was given to ensuring that proper identification of claimants is obtained at the new claim stage. Existing guidelines were reinforced and re-emphasised. A new, more detailed claim form was introduced which provides specifically for identity checks and evidence linking the person to the address quoted on the claim form must also be sought.
- The new claim form also sets out in more detail the conditions for receiving payment and is designed to reinforce the understanding among claimants of the obligation to be capable of, available for and genuinely seeking work. Local office staff were instructed to emphasise these conditions to all claimants to ensure that they understood their obligations and to inform them of the support services available. All new claims are carefully scrutinised to ensure that full and accurate information on the claimants' circumstances is provided.
- A programme of six-monthly interviews for certain claimants has been put in place to review their continued eligibility and to ensure that they are fully aware of the support services available.
- In consultation with the Department of Enterprise, Trade and Employment, a special range of measures was introduced for 18 to 19 year olds on the Live Register. Those on the Live Register for six months or more will be informed by their local DSW office that they must



register with FÁS. Arrangements have been made to ensure that all who fail to register, to accept, or to complete a programme can be identified and appropriate action taken.

- Mechanisms to improve the flow of information between the agencies dealing with employment matters were set up in Social Welfare, FÁS, Local Employment Services, Area Based Partnership companies, Revenue, Health Boards, *etc.* FÁS now notify the Department of refusals of job offers and failures to take up places on a training course or scheme. All such cases are interviewed to establish continued entitlement.
- The implementation of the Integrated Short Term Schemes computer system in the Health Boards afforded the opportunity to compare and correct information on addresses of claimants to the Health Board for supplementary welfare allowance with the details already on file for those claimants. In the Eastern Health Board area, in particular, changes in up to 30% of addresses emerged. All of these changes were fully checked and no evidence of fraud was found.
- A special media advertising campaign ran for two weeks in November and early December 1996 to heighten public awareness of fraud and abuse of the social welfare system and to gain public acceptance of and support for the DSW control activities.

The Department has attributed the fall of the Live Register figure from 287,598 in August 1996 to 259,041 in July 1997 mainly to the impact of these measures.

#### **42. Specific Anti-Fraud Measures in areas other than Unemployment**

Control and other anti-fraud measures in areas other than unemployment payments included

##### ***Old Age (Non-Contributory) Pensions***

- The Estate Case Recovery Unit was set up in 1993 and continues to monitor the estates of deceased pensioners with a view to identifying those who, in their lifetime, may have failed to disclose their full means. A total of £4.4m was identified in overpayments in 1996 of which £3.3m was collected. The 1996 overpayments figure includes overpayments identified in a data matching exercise on probates granted in 1993. The exercise produced 1,511 cases where the Department had not been notified of the distribution of the estate and overpayments were assessed in 53 of these cases, amounting to £477,817. £283,511 of this was recovered in 1996 in 44 cases. A further 143 cases are currently under investigation.
- Cases where solicitors fail to comply with legal requirements or where agreement cannot be reached on the amount of debt due to the Department are referred to the Department's Central Prosecutions Service for necessary action. The Law Society is notified of cases where the solicitor is at fault.

##### ***Illness Related Payments***

- The number of scheduled medical reviews of recipients of illness related payments increased from 63,000 in 1995 to 74,000 in 1996.

- During the year, 6,929 home visits were carried out to check that claimants were observing the Rules of Behaviour for persons in receipt of illness payments.
- 25,801 general reviews of illness payment claims were carried out. These reviews focused mainly on overlaps of contributions and credits - which may indicate concurrent working and claiming - and on payments of adult/child dependant allowances.
- New improved certification procedures were introduced for certain long-term disability benefit and invalidity pension cases.

#### *Lone Parent Allowance*

- During 1996 the General Registrar's Office provided the Department with the computer tape of all the marriage records for 1993/1994. This tape was matched against the Department's database of lone parents to identify cases where the lone parent was married. These cases are currently under investigation. A review of selected lone parent (unmarried mothers) payments cases was undertaken in 1996. Of the 445 cases reviewed 10% had their payment terminated or reduced.

#### *Child Benefit*

- Some 30,000 claimants had their entitlement to payment of child benefit reviewed. As a result of these reviews a total of 2,306 claimants had their entitlement to payment either terminated or reduced.

#### *Other*

- The Department obtained a computer tape from the UK Department of Social Security, listing all persons resident in Ireland who were in receipt of a British retirement pension. The tape was matched against the Department's computer files to identify those who were also in receipt of DSW pensions and who had not been assessed with British retirement pensions as means. A total of 440 cases were reviewed to the end of December 1996, of which 390 had their payment either reduced or terminated.



### 43. Prosecutions

While the level of detected fraud has been steadily increasing, the number of prosecutions taken by DSW against the perpetrators has fallen in recent years when compared with prosecution activity in the late 1980s as outlined in Table 11.

**Table 11 - Prosecutions taken by DSW**

Year	Social Insurance		Social Assistance		Total	
	Prosecutions	Convictions	Prosecutions	Convictions	Prosecutions	Convictions
1985	118	110	57	57	175	167
1986	66	57	71	66	137	123
1987	77	75	34	30	111	105
1988	261	205	59	56	320	261
1989	162	154	107	100	269	254
1990	96	91	113	108	209	199
1991	23	19	25	23	48	42
1992	17	13	8	7	25	20
1993	35	35	16	16	51	51
1994	29	29	20	20	49	49
1995	14	14	21	21	35	35
1996	20	20	36	36	56	56 <sup>a</sup>

<sup>a</sup> For 1996 the amount of overpayment assessed in these cases was £238,632 (£121,298 in 1995)

The Accounting Officer stated that the combined effect of the two Social Welfare amnesties (1991 and 1993) had a severe impact on the number of cases submitted for prosecution. The Department's policy is to consider prosecution in all serious cases of social welfare fraud. Factors considered include the duration of the fraud, the amount of money involved, any mitigating circumstances and the deterrent effect a particular prosecution might have in the public mind. The decision to prosecute is based on the nature of the alleged offence, the evidence available and the particular circumstances of the employer or person concerned. By and large the Department is successful in securing convictions.

#### 44. Recovery of Overpayments

As indicated in Table 12 overpayments to a value of £18.9m were recorded for recovery during 1996 (£16.4m in 1995) while £7.1m was written off as irrecoverable (£9.9m in 1995).

**Table 12 - Overpayments**

	1996 £'000	1995 £'000
Overpayments not disposed of at 1 January	31,423	31,945
Overpayments recorded for recovery	18,853	16,438
<i>Less:</i> Overpayments recorded in prior years cancelled	<u>430</u> <u>18,423</u>	<u>436</u> <u>16,002</u>
	49,846	47,947
<i>Less:</i> Sums recovered in cash	4,399	3,895
Sums withheld from current entitlements	3,311	2,712
Amounts written off as irrecoverable	<u>7,054</u> <u>14,764</u>	<u>9,917</u> <u>16,524</u>
<b>Overpayments not disposed of at 31 December</b>	<b>35,082</b>	<b>31,423</b>

The Department has stated that its overall debt management strategy is to establish a climate where overpayments are regarded as debts to be recovered *viz*:

- The recovery of overpayments is an intrinsic part of scheme management and a debt management function is established in each scheme, local office and health board area. Recovery rate targets are set for each scheme. Overpayments recovered are recorded and reported on as part of the overall control reporting framework.
- In July 1996, the Department introduced a code of practice on the recovery of overpayments. The code requires that due account be taken of the interests of taxpayers and social insurance contributors, as well as the ability of the person concerned to repay and stipulates that every effort be made to recover overpayments in full, but that in certain circumstances the repayment of an overpayment may be cancelled, reduced, deferred or suspended.
- Work commenced in 1996 on formalising debt recovery procedures across the Department. The Department is in the process of developing a central computerised overpayments system. Progress has been delayed due to resource constraints but an interim personal computer based system is currently in operation.

It is too early to gauge the extent, if any, to which the new procedures will impact on the rate of write-off of overpayments which in the years 1992 to 1996 has averaged out at approximately 52%.

#### 45. Irregularity at Unemployment Branch Office

DSW provides services for the payment of unemployment benefit and assistance through a nationwide network of local offices and branch offices. In relation to the branch offices, the service is provided by independent persons under the terms of a written contract between DSW and the service provider. The contract sets out, in detail, the relationship between both parties and specifically states that the service provider will be responsible for the safe custody of any public



moneys with which s/he is entrusted, and must account for all such moneys received and paid in a manner as laid down by DSW. Branch offices are subject to control by the parent local office.

Irregularities in the payment of unemployment assistance/benefit at a branch office were discovered by the local office manager during the course of a general inspection in July 1996. The irregularities involved inflating specific manually prepared payment dockets and pay sheets and misappropriating the difference between the amended dockets and the amounts actually paid to claimants.

The Accounting Officer informed me that following a detailed examination, DSW uncovered 327 discrepancies amounting to £32,640 over a six year period, almost all of which related to unemployment assistance. The branch office employee suspected of perpetrating the irregularities was dismissed as soon as the irregularities were discovered. Criminal proceedings have been initiated by the Gardai after an investigation and a file is being sent via the local State Solicitor's Office to the Director of Public Prosecutions. By 31 August 1997, £900 had been recovered.

In response to my inquiries about the adequacy of control procedures the Accounting Officer stated that

- A check to detect the irregularity which occurred in this case is included as part of DSW's annual general inspection procedures. In addition to checking procedures there is continual flow of claim documentation between the parent local office and its branches. The local office staff use this opportunity to monitor the quality of claims maintained by branch offices and this adds to the overall control exercised on branch offices. Also, checks are carried out each week by accounts branch on manual unemployment payments made at branch offices and post offices to ensure that payment sheets and corresponding payment dockets agree. Any discrepancies are brought to the attention of the relevant regional manager.
- Checks, by their nature, can only test a sample of transactions and in this case, the incidence of the irregularity was in the proportion of 1 altered docket in about 725 and was not detected. The irregularity was finally detected by the local office manager carrying out an additional sample check of dockets against the claim papers. Methods by which more payment dockets may be checked are currently being examined.
- The known level of internal fraud in the DSW is quite low. In the last five years, there had been four other cases of internal fraud detected.