

Vote 40 - Social, Community and Family Affairs

33. Overpayments

The Department of Social, Community and Family Affairs administers some 50 welfare schemes paid through Vote 40 and the Social Insurance Fund. Expenditure on assistance and insurance schemes was £2.70bn and £2.36bn respectively in 2000.

Table 42, Table 43 and Table 44 outline overall expenditure on various schemes over the period 1996 to 2000, and for the same period, the amounts recorded as overpayments, the amounts of overpayments attributed to fraud or suspected fraud and the Department's cumulative record of recovery since 1996.

Table 42 Scheme Expenditure

	1996	1997	1998	1999	2000
	£m	£m	£m	£m	£m
Social Insurance	1,794	1,842	1,983	2,111	2,357
Social Assistance	2,399	2,491	2,567	2,614	2,698
Total	4,193	4,333	4,550	4,725	5,055

Table 43 Number and Amount of overpayments recorded for recovery (Numbers shown in brackets)

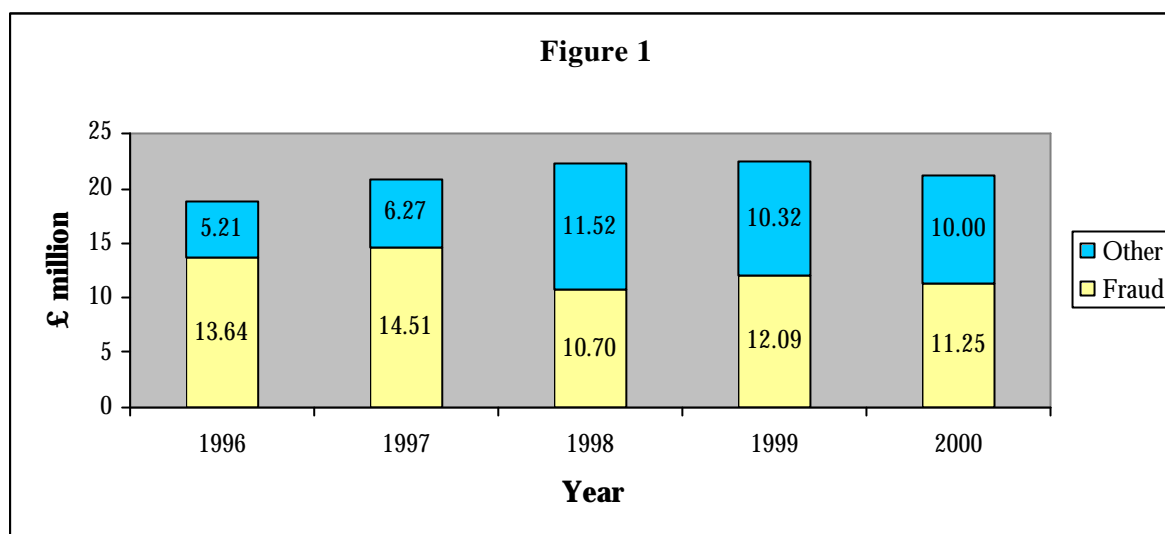
	1996	1997	1998	1999	2000
	£m	£m	£m	£m	£m
Social Insurance	4.12 (12,366)	4.48 (12,925)	4.14 (13,897)	6.03 (18,080)	5.03 (15,252)
Social Assistance	14.73 (20,243)	16.30 (21,759)	18.08 (22,054)	16.38 (21,346)	16.22 (18,110)
Total	18.85 (32,609)	20.78 (34,684)	22.22 (35,951)	22.41 (39,426)	21.25 (33,362)

Table 44 Number and Amount of overpayments attributed to fraud or suspected fraud (Numbers shown in brackets)

	1996	1997	1998	1999	2000
	£m	£m	£m	£m	£m
Social Insurance	2.23 (3,074)	2.01 (3,271)	2.16 (4,810)	2.53 (5,821)	2.67 (5,159)
Social Assistance	11.41 (7,486)	12.50 (7,914)	8.54 ²² (9,383)	9.56 (9,273)	8.58 (7,466)
Total	13.64 (10,560)	14.51 (11,185)	10.70 (14,193)	12.09 (15,094)	11.25 (12,625)

The amount of overpayments attributed to fraud or suspected fraud compared to total overpayments since 1996 is summarised in Figure 1

²² This fall of almost £4m was principally due to a change in the way the Department classified overpayments arising from the finalisation of the estates of recipients of non-contributory social welfare scheme payments. Prior to 1998 such overpayments were deemed to be attributable to fraud or suspected fraud.



The Departments record of recovery of overpayments during the period 1996 –2000 is shown in Table 45.

Table 45 Departments record of recovery of overpayments 1996 to 2000

	1996 £'000	1997 £'000	1998 £'000	1999 £'000	2000 £'000
Overpayments not disposed of at 1 January	31,423	35,082	37,579	42,229	47,712
Overpayments recorded for recovery	18,853	20,781	22,221	22,405	21,250
less					
over payments recorded in prior years cancelled	(430)	(301)	(378)	(230)	(352)
sums recovered in cash	(4,399)	(4,638)	(5,335)	(4,059)	(5,878)
sums withheld from current entitlements	(3,311)	(4,274)	(3,880)	(3,307)	(3,937)
net amounts written off as irrecoverable	7,054	(9,071)	(7,978)	(9,326)	(8,077)
Overpayments not disposed of at 31 December	35,082	37,579	42,229	47,712	50,718

34. Prosecutions

Cases involving abuse of the system are considered with a view to taking legal proceedings. Prosecutions are taken against employers who fail to carry out their statutory obligations and persons who defraud the social welfare payments system. Prosecutions can either be by summary or indictment proceedings. Civil proceedings are taken to facilitate the recovery of scheme overpayments or the collection of PRSI arrears. Such cases are only taken where it has been established that the debtor has sufficient means to discharge the debt.

During 2000, 263 criminal cases (1999- 329 cases) and 6 civil cases (1999 - 9 cases) were forwarded to the Chief State Solicitor's Office for prosecution as shown in Table 46.

Table 46 Criminal cases forwarded to the Chief State Solicitor

	1999	2000
Unemployment Assistance	171	164
Unemployment Benefit	77	56
Disability Benefit	27	8
Invalidity Pension	1	1
One Parent Family Payments	10	8
Other Schemes	3	4
Offences Committed by Employers	40	22
Total	329	263

A total of 185 prosecutions (1999 - 107 prosecutions) involving social welfare recipients were finalised in court in 2000. The total amount of overpayments assessed in cases of persons who attempted to or obtained benefits/assistance fraudulently was £666,759 (1999 £426,078). The results of these 185 court cases and the penalties imposed are given in Table 47.

Table 47 Results of Court Cases involving Social Welfare Recipients

	Fines Imposed ²³	Community Service	Imprisoned ²⁴	Probation Act	Proven No Penalty
Unemployment Assistance	51	4	22	26	7
Unemployment Benefit	33	1	4	8	4
Disability Benefit	10	1	2	1	-
Invalidity Pension	1	-	-	-	-
One Parent Family Payments	5	-	2	1	-
Other Schemes	-	-	1	1	-
Total	100	6	31	37	11

The prosecution of 28 cases involving employers (1999 - 37 employers) were also finalised. The results of these court cases and the penalties imposed are given in Table 48.

Table 48 Results of Court Cases involving Employers

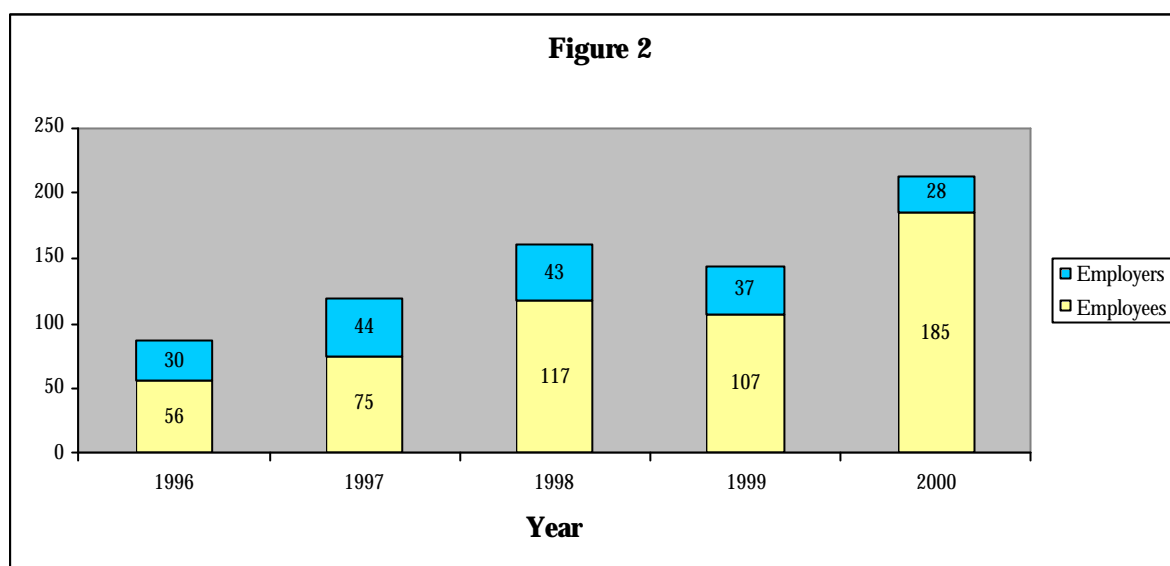
	2000
Cases Fined ²⁵	22
Prison Sentence	1
Probation Act	2
Proven/No Penalty	3
Total	28

There were no civil cases finalised in 2000 (1999 -zero cases). The number of prosecutions finalised in the courts since 1996 is summarised in Figure 2.

²³ Fines to a value of £27,269 were imposed by the courts (£9,728 in 1999 in 41 cases)

²⁴ 23 subsequently suspended

²⁵ Fines to the value of £7,910 were imposed by the courts (1999: £10,006 in 37 cases)



35. Scheme of Community Support for Older People

Introduction

Extended media coverage in 1995 of violent random attacks on elderly people in their own homes focused attention on the need for official action. This resulted in two initiatives.

- The introduction, in the 1996 Budget, of income tax relief in respect of the cost of installing security alarms in their own homes for persons aged 65 and over living alone. The work had to be undertaken between 23 January and 5 April 1996 and the maximum relief available was £800.
- The establishment by the Minister for Social, Community and Family Affairs of a Task Force to make recommendations to him by the end of February 1996 as to how the security needs of elderly people, who would not benefit from an income tax relief scheme, might be urgently and effectively addressed.

The Minister's Task Force comprised representatives of five government departments (Finance, Environment and Local Government, Health and Children, Justice, Equality and Law Reform and Social Community and Family Affairs), the Garda Síochána, the Irish Farmers' Association, SIPTU, Muintir na Tíre, the Irish Security Industry Association and the National Council for the Elderly.

Submissions to the Task Force highlighted the need for active community involvement in providing security for the elderly. The Task Force accepted the value of community based efforts in solving the problem and wished to see such efforts encouraged in every way possible.

The Task Force concluded that:

- There was a need for some mechanism to provide assistance for elderly people who could not benefit from the tax relief measures.
- A scheme on similar lines to the scheme for the Support of Voluntary and Community Groups administered by the Department of Social, Community and Family Affairs through its regional

structure was a viable option.

- Resources should be made available to voluntary groups to subsidise small scale security work and the installation of alarm monitoring devices in the homes of elderly people who were identified as being particularly at risk.

The Government accepted the Task Force's recommendations and in March 1996 approved the introduction of a Scheme of Community Support for Older People including the provision of £2m to fund security measures.

Administration of the Scheme

The purpose of the scheme is to provide funding for initiatives to improve security and social support for vulnerable older people. Vulnerability is defined in terms of advanced age, disability, isolation (social or otherwise) or having been previously the victim of crime.

The Department's Voluntary Community Services Section has overall responsibility for the scheme. They advise on policy and advertise the scheme nationally. They also agree an overall budget with the Department of Finance and allocate it to the Department's ten regions in proportion to each region's share of the over 65 population as determined by the 1996 census as shown in Table 49.

Table 49 Basis for Allocation to Regions

Region	Population 65 and over	Percentage
Eastern ²⁶	125,271	30
Midland	33,582	8
Mid West	37,480	9
North East	34,812	9
North West	29,395	7
South East	46,590	11
Southern	66,127	16
Western	40,625	10
Total	413,882	100

Applications, which are invited annually, are processed in the Department's regional offices where decisions are made as to which groups will be supported and the amount of grant to be given. At the year-end each regional office provides statistics on numbers of applications received, numbers and amounts of grants made and the number of individuals assisted.

Details of the Scheme

The scheme is project based and applications are only accepted through voluntary or community based organizations working with or providing support for vulnerable older people. Grants are not paid to individuals. This approach is intended to encourage the pooling of resources and to emphasize community involvement in protecting the elderly. End beneficiaries must be aged 65 or over, living alone or living in households made up exclusively of older people or of older and other people who are dependent and

²⁶ Dublin North, Dublin South and Dublin West

vulnerable. They must also be unable to install or purchase the necessary equipment themselves to benefit from the scheme. The following projects may be funded

- Small scale security work such as strengthening of doors and windows, and the fitting of window and door locks, door chains and security lighting
- The once-off cost of installing Socially Monitored Alarm Systems (SMAS). These are systems where an alarm is activated by pressing a button normally held on a pendent around a person's neck. This sends a signal to a monitoring station or to a family member or neighbour. Annual monitoring or maintenance fees for such systems are not covered by the scheme and must be borne by the individual beneficiary.

The scheme does not apply to the provision of conventional intruder alarms.

In general, grants to voluntary organizations should cover 50% of total costs but grants up to 90% may be made. Furthermore, grants must be spent and accounted for within three months of receipt and recipients must provide a list of beneficiaries. Grant recipients must also provide

- an Income & Expenditure Account showing clearly the receipt of the Department's grant
- receipts and vouchers to the total value of the grant
- a statement signed by the Chairperson and Treasurer to the effect that the grant was used for the purposes for which it was made
- an auditor's certificate confirming that the terms of the grant were met in respect of grants over £10,000.

Key Statistics

Almost £19m has been expended on the scheme in the five years 1996 to 2000. The Department considers that demand for the scheme may now be levelling out. Table 50 shows that some 82,000 individuals were assisted under the scheme to end 2000 while Table 51 gives details by region of applications and actual expenditure for the year 2000.

Table 50 Total Expenditure on Scheme

Year	Amount £	Groups	Individuals
1996	2,562,680	528	14,944
1997	4,824,159	839	21,783
1998	4,992,631	1,020	21,000
1999	2,963,124	619	12,444
2000	3,175,989	571	12,038
Total	18,518,730	3,577	82,209

Table 51 Expenditure by Region 2000

Region	Total Allocation £	Applications Received	Number of Grants Paid	Amount Approved £	Amount Paid £
Dublin North ²⁷ }	1,513,000	12	10	69,114	342,194
Dublin South ²⁸ }		27	26	203,831	257,440
Dublin West }		30	28	213,407	213,407
Midlands	405,500	63	59	291,706	291,706
Midwest	453,000	72	72	465,297	465,297
North East	420,500	79	77	305,099	305,099
North West	355,000	70	70	297,894	280,344
Southern	799,000	96	84	434,393	434,393
South East	563,000	71	52	151,735	151,735
Western ²⁹	491,000	101	93	409,309	434,374
Total	5,000,000	621	571	2,841,785	3,175,989

Audit Objective and Scope

The audit objective was to assess the performance of the Department's Voluntary and Community Services Unit and the Department's ten Regional Offices in administering the scheme. The quality of grant decisions and the subsequent steps taken to ensure that grant recipients were complying with all conditions of the scheme were of particular interest. The question of whether or not the scheme was equally accessible to qualifying persons in different parts of the country was also addressed.

Departmental papers such as the minutes of the Advisory Committee for the scheme, a Consultancy Report of April 1999 commissioned by the Department and various statistics on grant payments were reviewed. The Department's procedures and systems for implementing and monitoring the scheme were documented and tested. This latter involved an audit of the central Voluntary and Community Services Unit in Dublin and four of the Department's ten regional offices (Dublin North, Southern, North Western and Midland). A sample of files for payments in 1999 was examined in these four regions to ascertain if grant recipients had complied fully with the terms and conditions of the grant.

Inspections under powers granted to me under Section 8 of the Comptroller and Auditor General (Amendment) Act, 1993 were carried out in respect of the largest recipients of grants in the North West and Midland regions. These were St Vincent de Paul, Mohill and Helplink South, Athlone.

Audit Findings

Overview

The main strengths of the scheme are the committed voluntary effort of community groups who administer the scheme at local level and the non-bureaucratic approach of the Department. In general, local groups have acted diligently in the discharge of their functions under the scheme and the audit confirmed that funds were properly disbursed.

²⁷ £273,080 was approved in 1999 and paid in 2000

²⁸ £53,609 was approved in 1999 and paid in 2000

²⁹ £25,065 was approved in 1999 and paid in 2000

Targeting of Funding

The scheme was intended to target elderly people who were identified as being particularly at risk -- those who are vulnerable in terms of advanced age, disability and isolation whether social or otherwise. However, in practice anyone aged 65 or over who is living alone or in a household made up exclusively of older people, generally benefits from the scheme. The availability of surplus funds arising from underspends across the regions in 1999 and 2000 (as shown in Table 52) may be a contributory factor to the unofficial widening of the scope of the scheme.

Table 52 Percentage of allocation expended by region 1998 - 2000

Region	2000 % Spent	1999 % Spent	1998 % Spent
Eastern	54	26	100
Midlands	72	80	100
Midwest	103	131	100
North East	73	84	100
North West	79	59	99
South East	27	31	100
Southern	54	63	100
Western	88	82	100
Total	64	59	100

Grant Levels

Payments towards the cost of installing security were intended to cover 50% - 90% of total costs, depending on circumstances. In practice, the maximum grant of 90% is invariably paid. Again, this appears to be an unintended effect of the scheme arising from the surplus funds available.

Monitoring Committees

The spread of benefits of the scheme depends to a large extent on the existence of active voluntary and community groups which are willing to participate in the scheme. Partly because of the attendant risk that the scheme would apply unevenly in regions, the National Advisory Committee recommended the establishment of regional monitoring committees to consider how best to achieve coverage in all areas of a region and to assist in assessing grant applications. It was also envisaged that the committees would provide a forum in which practical issues that arise locally could be dealt with. In two of the regions visited on audit, there was no monitoring committee.

Administrative Controls

The Department's administrative controls did not provide reasonable assurance that

- eligibility criteria are being correctly applied by groups
- grant aided equipment had been installed as claimed
- groups apply fair and best value procedures in their choice of suppliers and installers
- grants are only paid when groups have properly accounted for prior year grants
- expenditure under the scheme was being systematically monitored.

Major Supplier of SMAS

It was estimated in 1999 that approximately 50% of expenditure under the scheme was incurred on the supply and installation of SMAS equipment. During 2000, a Dublin based registered charity emerged as the dominant vehicle for channelling SMAS services to the elderly under the scheme. Applications for £930,162 were received in 2000 through this charity.

By 31 December 2000 £407,981 had been paid in respect of these applications and this figure had increased to £480,464 by 30 May 2001. Table 53 shows changes in the amounts of assistance to the elderly being channelled through this charity in the years 1998-2000 and the growth in such expenditure over time.

Table 53 Claims made by the registered charity 1998 – 2000

Region	2000 £	1999 £	1998 £
Dublin North *	449,100	273,080	0
Dublin South	0	0	264,476
Dublin West	0	0	0
Midland	62,154	13,838	7,195
Midwest	34,095	14,147	7,067
North East	70,641	9,862	6,300
North West	45,486	4,312	0
South East	73,081	28,568	14,581
Southern	113,622	5,513	3,028
Western	81,983	3,884	8,200
Total	930,162	353,204	310,847
Total scheme expenditure	3,175,989	2,963,124	4,992,631
% of total expenditure	29	12	6

The following points were noted in respect of the charity concerned.

- Audited financial statements, or a certificate from their auditor certifying that grants were spent for the purpose they were given, had not been requested or received by the Department at the time of audit.
- Department staff in several regional offices delayed payments to the charity because of defective applications and difficulties in the provision of equipment.
- The nature of the scheme is such that ownership of equipment installed vests in the entity through which the grants are paid, in this case the charity in question.
- Much of the equipment installed by the charity is subject to an ongoing service charge, which must be paid by or on behalf of the elderly person.

Conclusions

82,209 individuals have availed of the scheme since 1996. The continued success of the scheme depends on it being easily and equally available to all eligible elderly people. The need to continue to operate the scheme on the present scale should be evaluated in the light of substantial underspends in 1999 and 2000.

Clear guidance should be issued by the Department to local groups to ensure that the scheme benefits are directed to those in most need.

The Department should ensure that regional monitoring committees operate in all regions.

The Department should adopt risk assessment techniques to help in drawing up a programme of inspections to test check the books and records of local groups for regularity and compliance with scheme conditions.

The Department should ensure that local groups have arrangements in place for reallocating SMAS equipment as circumstances dictate e.g. in the event of death of a beneficiary.

The Dublin based charity, through which an increasing number of applications are received, advertises its services nationally and, in particular, to tie in with the Department's annual announcement of the scheme in the national press. While the charity's forthright approach helps to publicise the availability of the scheme to the elderly and subsequent take up by using the charity's services, there is a danger that the local voluntary element, which is such a strength of the scheme, will be diminished. The scheme should be reviewed to determine if the effect of this unexpected development is in keeping with the objectives of the scheme.

Given the scale of the charity's involvement, the Department should insist that the principles underlying public procurement are applied to the supply and installation of SMAS equipment by the charity.

Observations of the Accounting Officer

The Accounting Officer states that the Department's regional and local management receive a lot of positive feedback both in regard to the way the scheme is administered and the value which is placed upon it by individual beneficiaries, other statutory agencies (Gardaí, Health Boards, etc.) and the funded organizations themselves.

The Accounting Officer informed me that in his view there had been no unofficial widening of the scheme and that the nature of the scheme and the conditions applying to it have remained constant. The 50% grant level is a specified minimum and, because of the availability of resources, the Department has generally been able to offer grants at a 90% level in recent years.

The scheme and resources required are reviewed each year in the light of feedback on the operation of the scheme and in the context of the overall estimates process and where necessary adjustments are made as appropriate. The issue of providing clearer guidelines to groups will be examined by the Department.

The Accounting Officer informed me that while the regional monitoring committees were, *de facto*, advisory committees and were particularly useful in setting the scheme in motion they had proved not to be necessary in the ongoing operation of the scheme in a number of areas. The Department has very close links with communities and representative groups through its activities at regional and local level and is satisfied that these contacts enable it to keep in touch with the views and opinions of its customer base and to deal with practical local issues. The Department will keep this matter under review.

With regard to administrative controls the Accounting Officer offered the following observations

- As the scheme involves assessing the needs of older people, handling of the scheme requires great sensitivity on the part of the voluntary organizations, particularly in determining whether the individual is in a position to pay for the equipment. The Department is, in general, satisfied that the voluntary organizations apply the criteria for the scheme in a consistent and fair manner having regard the individual circumstances.

- In addition to accounting requirements the Department has in place a number of checks to ensure that the scheme is delivering effectively on its objectives. For example, spot checks are carried out in regions to ensure that individuals have received the equipment applied for on their behalf by community organizations. In some instances groups have experienced difficulties in acquiring equipment and having it installed but it was found these issues were being addressed.
- Public procurement procedures do not apply to voluntary and community organizations funded under this scheme or other similar schemes. However, groups are advised to observe fair and best value procedures. In addition, groups are advised to contact reputable suppliers and to liaise with local Gardaí as necessary. Where substantial amounts of money are involved groups are advised to seek a number of quotations for the supply of the equipment.
- In general grant applications are not processed for groups who have not properly accounted for previous year's grants and groups are so advised. From time to time the Department introduces such additional requirements as are deemed necessary to ensure the effective administration and monitoring of the scheme.
- Expenditure under the scheme is monitored at regional level.

The voluntary organizations involved in the scheme are advised by the Department to have arrangements in place to ensure that equipment is reallocated in the event of the original beneficiary no longer requiring it. As such situations inevitably arise on the death or permanent hospitalisation of a beneficiary the situation must be handled sensitively so as not to distress or offend the individuals or families concerned. The Department considers that voluntary organizations, familiar with local situations and individuals are best placed to handle such reallocations and do so insofar as practical.

Applications totalling over £767,000 have been received in the current year from the group supplying SMAS nationally with about half in respect of the Dublin regions. No funding has been allocated to date in respect of these applications.

In the year 2000, applications totalling just under £450,000 were received in the Department's Dublin North region. These have not been processed because of lack of appropriate documentation. Some funding was issued to the group by other regions who were satisfied that the previous grants had been satisfactorily accounted for. However in view of the sizeable amount of money involved and to ensure greater consistency in the allocation of funding for such organizations the Department decided that for the future all moneys nationally must be accounted for before a grant is processed by any of its regional offices.

Audited accounts were requested from the group in question and have recently been received and together with other documentation are currently being examined by the Department. Funding for the current year will be processed when the appropriate documentation has been examined and found in order.

36. Irregularity at Branch Office

Unemployment payments are administered through a network consisting of 58 Social Welfare Local Offices and 69 Branch Offices. The Branch Offices are under the control of Branch Managers who are employed under contract to the Department. In accordance with the conditions of their appointment they are required to provide suitable premises and such clerical assistance as may be necessary for the satisfactory performance of the work of the Department.

Up to the end of 2000 the Department required Branch Managers to provide a fidelity bond with an insurance company requiring the company to reimburse the Minister up to an agreed amount for losses arising from fraud, dishonesty or negligence on the part of the Branch Manager. This requirement has since been dropped due to the fact that no cash is held or dispensed in Branch Offices and also because some Branch Managers encountered serious difficulties in obtaining the necessary insurance cover.

An apparent irregularity came to light after a social welfare client of a Branch Office, who had recently returned to employment and was receiving a payment under the Back-to-Work scheme, had his case reviewed by the Social Welfare Local Office to which the Branch Office in question reported. On the face of it, the recipient had been substantially overpaid Unemployment Assistance and, when notified of this, contacted the Local Office. On 6 May 1999 he made a statement to Department officials that the records of the Branch Office showed a payment as having been made to him whereas in fact no such payment had been made. Department staff identified three payments made on the same date as the payment to that recipient which they regarded as being potentially suspect.

The Department established a team to investigate the Branch Office. The investigation concentrated on cash Unemployment Assistance payments made in the period up to the introduction of the computerised Integrated Short Term Schemes (ISTS) system to the Branch Office on 23 February 1999. The introduction of the system abolished cash payments in the Branch Office. The team undertook a partial audit as a full audit of all cash payments was beyond its capacity because of resource implications. The team was hampered in its work because a fire in the Branch Office on 25 April 1999 destroyed what was purported to be practically all local documentation supporting payments and a significant number of lapsed files

The team's report revealed that

- The average payment per recipient before ISTS was introduced to the Branch Office was 15% higher per week compared to an average payment per recipient after the introduction of ISTS. It was estimated that this highlighted a difference of approximately £99,000 in the preceding twelve-month period.
- A comparison of Unemployment Assistance cash payments in the 14 weeks before ISTS was introduced with two similar sized Branch Offices in the region showed that payments at the Branch Office under investigation were 25% and 18% higher than the other two.
- Forty six recipients were prepared to give evidence that of £66,538 recorded as having been paid to them only £9,622 had in fact been paid
- The team identified several irregularity patterns including the addition of days to casual claimants, once off payments to clients in receipt of normal payments, non-refund of Supplementary Welfare Allowance to the Health Board after an Unemployment Assistance claim was awarded, apparent forging of signatures and closing claims late after a client had signed off.
- Irregularities went back to the earliest month that the team examined after the Branch Manager's appointment and that there was evidence that there were some questionable payments made during his period as Deputy Branch Manager
- The full extent of the apparent fraud could not be established from the limited investigation but based on the work to date it was estimated that the full figure could be in excess of £200,000.

In response to my enquiries the Accounting Officer informed me that

- the payments in question were made in a pre-computerisation or "cash" environment and did not come to light until after the Branch Office went live on the ISTS system at the end of February 1999.

- Cash payments are no longer made in the Department's offices and unemployed persons generally receive their payments at post offices on foot of information provided electronically by the Department.

At the conclusion of the investigations in the Branch Office, details of 50 cases including full supporting documentation were given to the Gardaí to pursue the summary/criminal aspects of the alleged fraud. The sum involved in those cases was just over £80,000. Following completion of the Garda investigation, the cases were sent to the Director of Public Prosecutions for instruction. The matter is now before the courts. The Department is currently awaiting legal advice on the options available to pursue recovery of the moneys. Any amounts due under the fidelity bond will be pursued.

The Accounting Officer pointed out that the team which carried out the investigation comprised Department staff from the Regional office under the leadership of the local Area Manager and was not an Internal Audit team as such. The team carried out some exercises to try to get a feel for the level of irregularity which might have been involved but acknowledged the difficulty of doing so. The estimate they did come up with was very tentative and was acknowledged by them to be so and any conclusions based on it can only be regarded as speculative. The Department does not consider it practical to carry out further investigations of cash payments because of

- Non-availability of certain records which would have been destroyed,
- Use prior to the introduction of ISTS of Qualification Certificate numbers as against PRSI/PPS numbers, making it more difficult to link Unemployment Assistance payments to customers,
- Problems of recall given the passage of time bearing in mind that it would be necessary to interview claimants for their recollection of events.

The Accounting Officer stated that revised procedures for local office staff who conduct inspections at Branch Offices were issued in October 1997 and strengthened existing control procedures. Control practices and procedures are regularly monitored and in this regard the inspection format is, at present, being revised to keep pace with the changing environment in Branch Offices. It is considered that the type of irregularity arising in this case could not now occur and that it was of such a nature that it was extremely difficult to detect. Previous internal audits in the period 1996-1998 found nothing amiss.

The Accounting Officer also stated that the conversion to ISTS exercise afforded a proofing of claimload and a very good base for the present data regime. The features of the new computer system and the considerable range of activation, control and inspection measures in place provide a better control environment than previously.

37. Carers Allowance

Carers Allowance (CA) is a means tested payment for people who provide full time care and attention to a relevant person under the terms of the Social Welfare Acts, i.e. over 16 years of age and who requires full time care and attention or under 16 and requiring full time care and attention and in respect of whom a Domiciliary Care Allowance is being paid by a health board. The person cared for has to be so incapacitated as to require full time care and attention and be likely to require this full time care and attention for at least 12 months.

CA was introduced on 1 November 1990 in place of the Prescribed Relatives Allowance. The scheme provides for a personal allowance to be paid directly to the carer on a means tested basis. It is a payment for carers on low incomes who live with and look after certain people who need full time care and attention. Additional payments are made for any children dependent on the carer but no payment is made in respect of adult dependants. Only one person can be paid a CA in respect of a person requiring full time care and attention. If a person is giving full time care and attention to more than one person the rate of CA is increased by 50%. An allowance is payable where the carer is over 66. Carers can avail of free schemes i.e. free travel, free electricity allowance, free television licence, free telephone rental allowance and fuel allowance. Other benefits (medical card, rent subsidy and exceptional needs payments) are available from the health board subject to means test.

Expenditure on the scheme in 2000 was £78.41m (1999 - £57.41m).

During the audit of the scheme it was noted that the Department has not yet introduced regulations to obtain a contribution from persons being cared for as it is entitled to under the Social Welfare (Consolidation) Act, 1993 which makes provision for such a person to make a contribution towards the support of a carer. No account would be taken of income from any benefit or assistance payment being made by the Department to the person in calculating the contribution.

It was also noted that qualification for the scheme is based on medical and means assessment but the Department's computer system had no record of medical review dates and very few records of means review dates. At the time of audit there were 16,405 cases in payment. An analysis of the CA computer payments file using audit software established that the system does not record a means review date for 15,337 cases and no medical review date

The scheme has evolved and changed considerably since its introduction. Following a major review of the scheme in 1998 a range of significant improvements have been introduced to the scheme and there has been a notable increase in the number of recipients receiving the allowance. Specifically, the Social Welfare Act 1999 provided for a £75 weekly means disregard of income for a single Carer and £150 per week to the joint income of a married couple. This was further modified in the Social Welfare Act 2001 to increase these disregards from £75 to £125 and from £150 to £250 per week.

In response to my enquiries the Accounting Officer stated that this scheme had exhibited the largest relative growth of any primary income support payment within the Social Welfare system with the number of recipients growing from 8,300 in 1996 to 17,300. Priority has had to be given to claim processing and implementing budget changes.

He informed me that while existing legislative provisions do make provision for a person being cared for to contribute towards that care a review of the scheme concluded that this was not feasible and was against the underlying objective of the scheme. It was considered that the overall numbers and amounts of income involved would not be sufficient to justify the administrative effort and costs involved. This view is confirmed by the experiences of the Health Boards in regard to the provision of home help services. The legislative provision is currently being reviewed.

He also informed me that since the audit additional resources of 10 permanent and 10 temporary staff have been assigned to the CA section. Initially the new staff will be assigned to complete the means review of all existing CA cases in respect of the Social Welfare Act 2001 changes and then a dedicated Control Unit for the

scheme will be established.

The Department considers that the non-recording of review dates should be distinguished from the absence of reviews being undertaken. Reviews are completed where the Department becomes aware of changes in the personal circumstances of recipients and some general reviews are undertaken. Currently 3,000 means cases are being reviewed and the Department has other control initiatives planned. The Department recognises the need to review cases systematically and is satisfied that all CA recipients who have means have been adequately reviewed since 1999.

The Department is addressing the issue of the absence of medical review dates. Resource considerations are one reason for the non-recording of medical reviews but the Department believes there are other important factors that merit consideration in the overall context of CA medical reviews. These are

- The primary medical conditions are quite restrictive and that the full time care and attention condition is very strictly examined on application and this is shown by the fact that 45% of all CA applications are unsuccessful
- Where the care recipient is in receipt of Disability Allowance or Invalidity Pension the medical evidence submitted in claiming entitlement to those schemes is taken into consideration
- The majority of care recipients have severe disabilities or long term illnesses and over 60% are over 60 years of age and the general prognosis and the opinion of the Department's Chief Medical Advisor is that the medical condition will last indefinitely and is not amenable to improvement or rehabilitation
- The duration of claims is on average three years

He assured me that since the audit additional measures have been introduced into work processes, whereby a review status is accorded to all new cases where medical or means reviews are required. However, because of the high level of applications being received this will take time to fully implement. Internal procedures have also been revised to facilitate a systematic means review policy, including non-means cases. In response to the audit findings, medical review policy has also been reviewed and the Department has recently begun a process of systematic medical reviewing.

38. Disability Allowance

Disability Allowance (DA) is a means tested payment for people with a specified disability whose income falls below certain limits and who are aged between 16 and 66. The rate of payment is the same as the long term Unemployment Assistance rate with increases paid for qualified adults and child dependants. Recipients of DA are entitled to free travel, are usually entitled to medical cards and may also be entitled to free electricity allowance, free television licence, free telephone rental allowance and fuel allowance.

To qualify a claimant must be substantially handicapped from undertaking suitable employment arising from a medical assessment or examination. The medical condition has to have continued or may reasonably be expected to continue for a period of at least one year and the persons capacity to undertake or carry out work should be substantially less than that of a person without the specified disability

The scheme was introduced on 2 October 1996 and replaced the Disabled Persons Maintenance Allowance (DPMA) scheme administered by the health boards.

Expenditure on the scheme in 2000 was £219.8m (1999 - £193.0m).

An analysis of the DA computer payments file using audit software revealed that of the 54,126 cases in payment in January 2001 47,513 had nil means of which 18,032 cases had no means review date recorded. Of the 6,613 cases with means 2,306 cases had a lapsed means review date. I was informed on audit that the 18,032 cases were DPMA cases taken over from the health boards in 1996 with nil means at that stage and had never been reviewed by the Department.

As compliance with the means limit is one of the core qualifying condition for the payment of DA, I sought the Accounting Officer's views on the adequacy of the Department's means review activities.

In response to my enquiries the Accounting Officer stated that there were some 34,500 persons in receipt of DPMA who transferred to DA in 1996. The scheme has exhibited significant growth due to legislative improvements since then and there are now 56,849 persons in receipt of DA. The first priority of the transfer process was to ensure the continued payment of income support without disruption to the recipients concerned and since then the Department has tried to strike a balance between claims processing and control activities, increased maintenance work due to the growth of the scheme and the implementation of various improvements in the scheme.

He informed me that following the transfer of all 34,500 DPMA cases to DA the files were reviewed by medical assessors and 80% (27,600 cases) were given a status where no further medical review was required. This status indicates severe disability and the recipients' potential to earn income or amass means is limited. He felt that the risk in not reviewing such cases is not as pronounced as with other social welfare payments.

He added that while review dates have lapsed in 2,306 cases that is not to say they have not been subject to review in other general review activities or in the context of implementing improvements to the scheme

He considers the current control approach as adequately balanced with reference to all competing demands that include resources, value for money, cost effectiveness, good customer service and the sensitivities in dealing with people with severe disabilities. The activities in any one aspect of control activity must be viewed in the wider context of a whole range of controls that the Department is satisfied are adequate to ensure that the conditions of the scheme are applied. These other control measures include

- Rigorous examination of eligibility at the initial claim application stage where 35% of claims received are refused
- A dedicated Control Unit within the scheme's administration
- All means cases which transferred from the DPMA scheme are systematically reviewed as resources and other priorities allow
- All new cases are accorded a means review status so that cases can be extracted and reviewed

The implementation of legislative improvements has meant that DA recipients with means have been subject to review quite apart from the systematic review procedures that are normally operated. These review procedures include matching Revenue Commissioners and FÁS computerised details of those starting employment with the DA file, Control Unit activities, investigative staff activities and annual mailshots.

He assured me that as a matter of priority means cases with lapsed review dates will be examined and, where not separately reviewed will be reviewed as soon as possible. With regard to nil means cases without specific review dates some progress has already been made. The number of cases without review dates has been

reduced to 17,608 at the end of June 2000 through routine control and review activities. The cases will also continue to form part of the ongoing review of the customer base and review dates will duly be accorded. A review sample of 500 such cases is being immediately undertaken and the outcome will be measured to monitor the results and establish what further refinements are required in the overall review of these cases.