

Chapter 31 Department of Social and Family Affairs

Review of Welfare Overpayment Cases

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31.1 In the course of audit a review was carried out of a number of high value overpayments raised by the Department on three schemes in 2008. Details of total overpayments on these schemes are shown in Figure 105.

Figure 105 Overpayments Recorded on Schemes in 2008

Scheme	Total Overpayments €m	No. of Cases	Average Value €
Disability Allowance	2.8	277	10,280
Carer's Allowance	2.0	247	8,300
Invalidity Pension	1.3	149	8,900

Audit Focus

As indicated in Chapter 30 not all payments in excess of entitlement results in overpayments being recorded and pursued for recovery. This Chapter reviews the background to a sample of payments in excess of entitlement in three schemes that were recorded as overpayments.

The audit reviewed the extent to which, in a sample of large overpayment cases, the Department might have avoided the overpayments by

- using information it already held on its information systems
- conducting reviews in accordance with its own preset schedules.

Outcome of Review

31.2 In the case of Disability Allowance the sample comprised 23 overpayments totalling €1.1 million. The overpayment period varied between two and twelve years and the average duration of the overpayment was in excess of six years. 15 of the 23 were subjected to detailed scrutiny. The review found that

- By far the most common reason for overpayments was failure of the client to fully disclose means.
- As at February 2009, 21 of the 23 cases had amounts outstanding totalling €75,175 (approximately 90% of sample total).
- In each of the cases reviewed the Department had information available that should have lead to the detection of the overpayments sooner.
- All of the 15 overpayments scrutinised in detail could have been identified at a much earlier date had the claims been reviewed as soon as evidence became available to the Department.
- Nine of the 15 cases could have been identified sooner as details of earnings were recorded on the Central Records System that would have indicated that the client was being overpaid or that a means review was warranted.
- 13 of the sample of 23 overpayments could have been detected earlier had the scheduled review been carried out on time.

31.3 In the case of Carer's Allowance the sample comprised 15 overpayments totalling €739,022. They related to time periods ranging between three and nine years, during which the claimants were not entitled to the Allowance. The review found that

- In eight of the 15 cases the reason for the overpayment was that the carer was paid while working in excess of the maximum 15 hours per week allowed by the scheme. Other reasons were failure to disclose means and payment of allowance after death of caree.
- The overpayments could have been identified sooner based on the evidence that was available to the Department if reviews had been conducted as scheduled.
- The audit estimated that €91,857 of the total overpayments of €739,022 could have been avoided had reviews been conducted at an earlier date.

31.4 In the case of Invalidity Pension ten overpayments totalling €99,426 were reviewed. They related to time periods between four and eight years when the claimants were not entitled to the pension. The review found that

- All of the reasons for the overpayments related to the claimant being employed while in receipt of the pension or their spouse having earnings in excess of the statutory limit.
- Eight of the ten overpayments could have been identified sooner because the client had earnings recorded on the Department's Central Records System which would have indicated that the client was being overpaid or warranted a means review.

Audit Concern

While acknowledging that overpayments arise due to changes in circumstances, I was concerned that these changes were not being detected at an earlier stage particularly as it appeared that in many cases information was available to the Department which should have prompted case reviews. The audit concluded that up to 80% of the overpayments examined could have been avoided had reviews been conducted at an earlier time.

Accounting Officer's Response

31.5 With regard to Disability Allowance, the Accounting Officer stated that due to the size and growth of the customer base it was proving no longer practical or feasible to review every claim on a regular basis. She stated that a new control review policy for the scheme was introduced on 26 January 2009. This involved assigning and recording a risk rating at the award and review stage of all claims in the medical and means categories. It was planned to review annually, subject to available resources, all cases with a high control risk within those categories, a sample of 2,000 with a medium risk rating and a sample of 500 cases with a low risk rating.

31.6 The Accounting Officer informed me that a similar risk based control review policy for Carer's Allowance, recently determined within the Department, would be piloted for a two-year period while it was intended to move to a risk based system for Invalidity Pension also.

31.7 In regard to how regularly case reviews take place the Accounting Officer informed me that, given the number of customers on these schemes and the resources available for control work, it was not possible to review every case in detail on a regular basis. Resources constraints prevented all cases being reviewed on specified dates. She stated that by moving to a risk based system it was hoped to achieve better value for money by focusing scarce resources on the most appropriate cases.

31.8 As regards the Department not acting promptly on information received by it which should trigger a review, the Accounting Officer stated that the resources available to deal promptly with information must be balanced against the resource requirements to deal with over 193,000 customers in receipt of payments under the three schemes. She also stated that in many cases the trigger information could not be entirely relied upon depending on its source e.g. anonymous reports. In addition, in the vast majority of cases where trigger information such as commencement of earnings information were investigated, there was no change in entitlement.

Conclusions

Reviews of actual overpayments can help the Department identify the factors within its control that could lead to earlier identification of payments in excess of entitlement.

The more focused risk based reviews being introduced hold out the prospect of achieving more effective control. However, the Department should continuously review their efficacy and report the results in their annual reports on control activity.

In circumstances where the resource pressure is likely to increase the Department may need to build in more training of line staff to ensure basic checks are performed on entitlement on a rolling basis using the Department's information systems.

