

## 12 Farm Assist

- 12.1** Farm Assist was introduced in 1999 as an income support scheme for low income farmers. The scheme is administered by the Department of Social Protection (the Department). Those eligible for Farm Assist receive a weekly payment, the amount of which varies with their number of dependants and their means. A person may qualify if they have income from other employment. Expenditure on the scheme was €99 million in 2013, down from €108 million in 2012.
- 12.2** To qualify for Farm Assist, an applicant must
- be aged between 18 and 66 years
  - be engaged in farming
  - satisfy a means test.
- 12.3** An applicant is considered engaged in farming if they farm land which they own or lease, and use for the purposes of husbandry.<sup>1</sup> There is no threshold set in terms of the scale of the farming activity that should be undertaken to qualify. Means from all sources are assessed in accordance with the specific rules of the scheme and total weekly means are calculated.
- 12.4** Farm Assist recipients may have entitlement to secondary benefits as well as access to activation, education and developmental programmes.
- 12.5** The standard personal rate of payment for Farm Assist in 2013 was €188 a week. The payment is increased where the claimant has an adult and/or child dependants.<sup>2</sup> The amount payable in each case is the excess of the personal rate, plus any additions for dependants, over the person's assessed weekly means. If those means exceed the personal rate plus any additions, the person is not eligible.
- 12.6** Claimants are required to make an annual declaration of on-going entitlement and of any changes in circumstances or means. There is also an obligation on recipients to notify the Department of any changes that may affect qualification for the scheme as they arise.
- 12.7** The scheme was examined as part of the 2013 audit of the Social Protection Vote. The examination involved a review of the controls in place over claims put into payment, the supporting documentation on file for claims and the level of entitlement review taking place. Visits were made to Department offices in Ballina, Baltinglass, Letterkenny, Mullingar and Waterford, and a sample of cases was examined in each location.

<sup>1</sup> Husbandry means the working of land with the object of extracting produce.

<sup>2</sup> The weekly rate for an adult dependant is €124.80 with €29.80 for each child dependant.

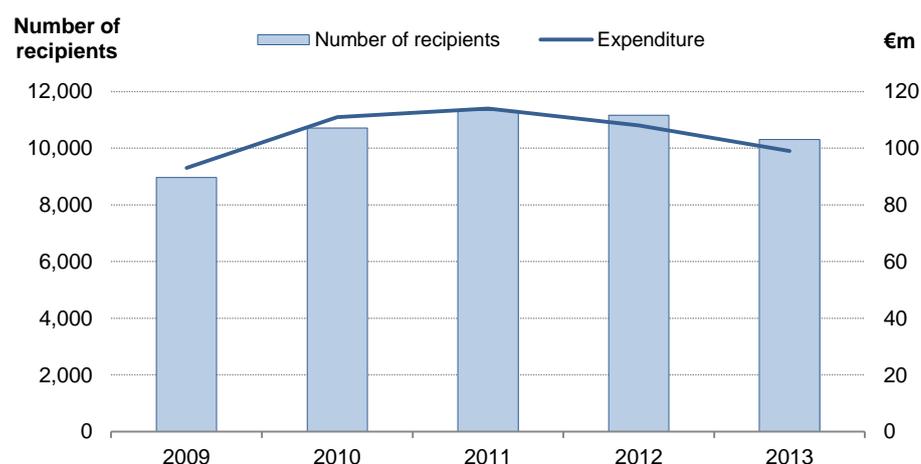
## Scheme Objectives

- 12.8** The primary aim of the Farm Assist scheme is to provide income support to low-income farmers. Claimants are not required to be available for work to qualify for payments.
- 12.9** The Department has indicated that the scheme is oriented towards helping those engaged in farming to remain so engaged during periods when profits are low and helping to maintain the viability of rural communities. The provision of consistent income support and beneficial treatment of capital in the Farm Assist means test aims to help farmers to invest in their farms even though profits may vary from year to year. Beneficial means test treatment is also given to payments under schemes such as the Rural Environment Protection Scheme, to encourage recipients to engage with those schemes.
- 12.10** The Farm Assist scheme is one of a number of measures aimed at delivering farmer income support and ensuring the viability of rural communities. Other measures come within the remit of the Department of Agriculture, Food and the Marine, and the Department of the Environment, Community and Local Government.
- 12.11** The Department is represented on the interdepartmental group set up to examine and implement the recommendations of the report of the Commission for the Economic Development of Rural Areas.<sup>1</sup>

## Claimant Profile

- 12.12** The number of recipients of Farm Assist increased from around 9,000 in 2009 to a peak of 11,300 in 2011. Numbers have since fallen to 10,300 in 2013 (see Figure 12.1). Budget changes introduced in 2012 and 2013 increased the means assessable and abolished the income disregards for children from the means calculation. This is likely to have contributed to the decreased numbers of recipients.

**Figure 12.1 Farm Assist expenditure and recipients, 2009 – 2013**



Source: Department of Social Protection Annual Statistical Report 2013

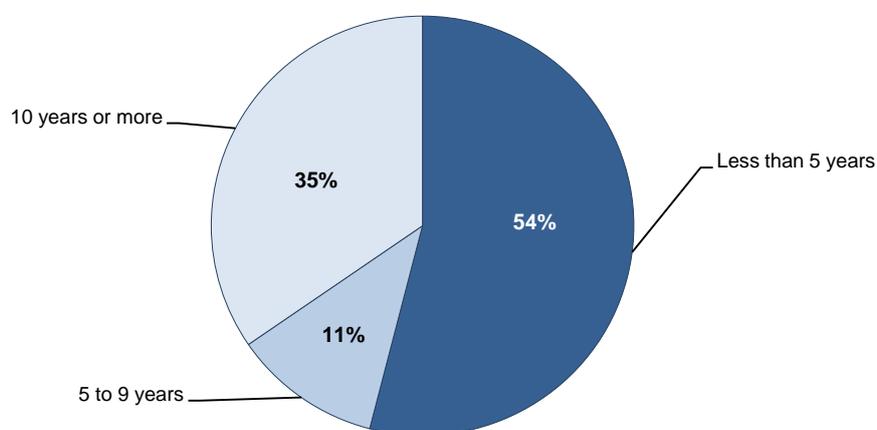
<sup>1</sup> CEDRA, Energising Ireland's Rural Economy, April 2014.

- 12.13** While the number of recipients has decreased by about 9% since the peak in 2011, there is significantly more movement each year in terms of the number of claimants joining and leaving the scheme. Just over 20% of claimants receiving payments at the end of 2013 had joined or rejoined the scheme during the previous 12 months.
- 12.14** The average weekly payment was €181.12 in 2013 (€188.23 in 2012). At the end of 2013, just over 1,000 claimants were receiving full payment without a reduction arising from their assessed means. In 2013, additional payments were made to recipients in respect of some 4,600 adult dependants and just over 8,700 child dependants. Overall, therefore, the scheme supported over 23,000 persons in 2013.
- 12.15** Just over half of claimants at June 2014 had been in payment for less than five years. Over one third had been in payment for ten years or more (see Figure 12.2).

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**Figure 12.2 Duration of Farm Assist claims as at June 2014**

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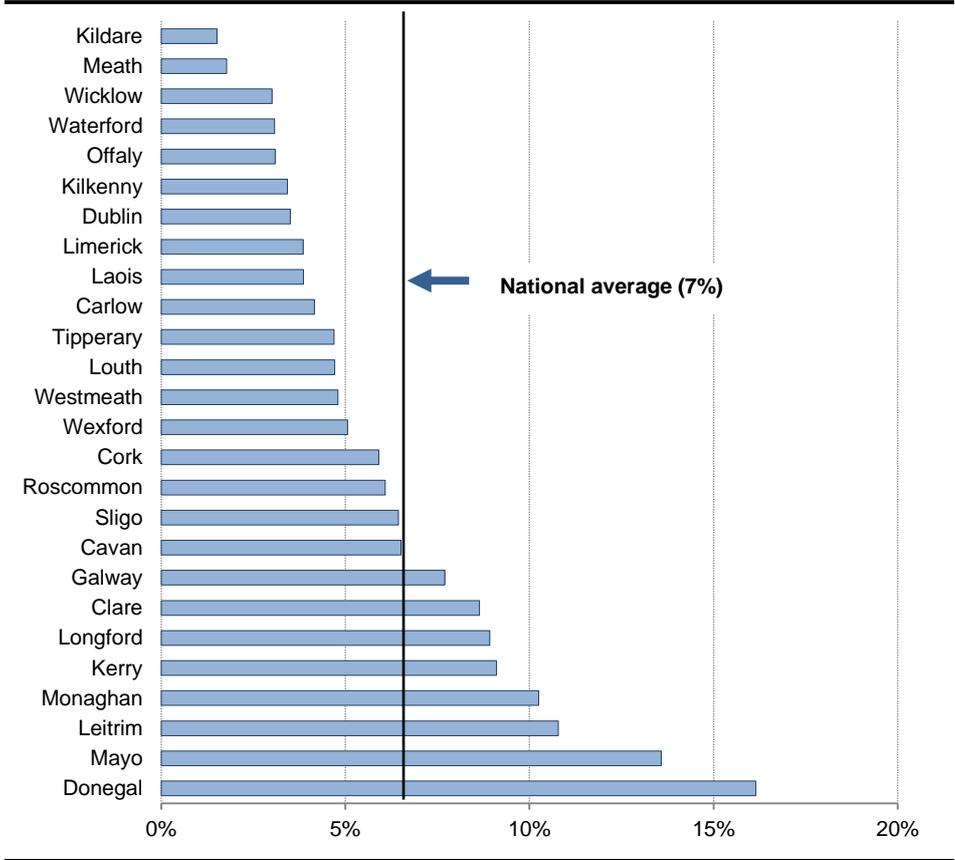

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Source: Department of Social Protection

- 12.16** There are some 140,000 farms in the State.<sup>1</sup> Farm Assist is paid in respect of about 7% of all farms. The number of recipients in 2013 as a percentage of the number of farms in each county is shown in Figure 12.3. The percentage exceeds the national average in eight counties.
- 12.17** Four counties (Donegal, Galway, Mayo and Cork) have the highest number of recipients and account for almost 50% of all recipients in 2013.
- 12.18** The majority (62%) of recipients of Farm Assist are between the ages of 50 and 66 years (see Figure 12.4). A quarter of recipients were over the age of 60 in 2013.

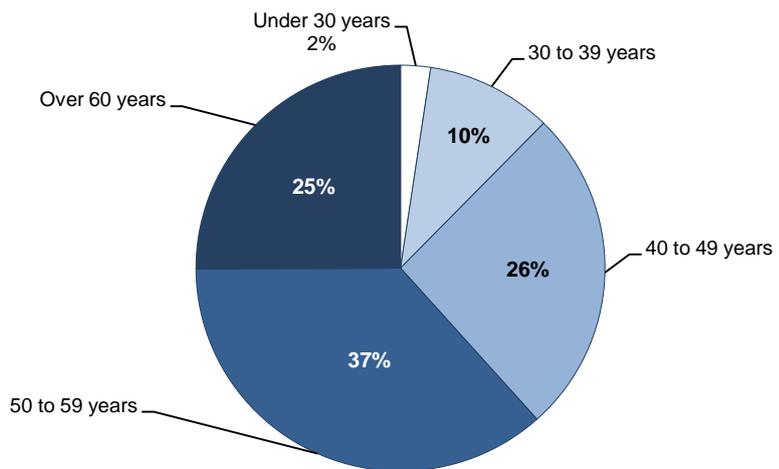
<sup>1</sup> Census of Agriculture 2010, Central Statistics Office.

**Figure 12.3 Percentage of farms per county in receipt of Farm Assist in 2013**



Source: Department of Social Protection Annual Statistical Report 2013 and Census of Agriculture 2010

**Figure 12.4 Farm Assist recipients 2013, by age**



Source: Department of Social Protection Annual Statistical Report 2013

## Take-on Controls and Supporting Documentation

- 12.19** When applying for Farm Assist, a claimant must complete, sign and date an application form. This is date stamped upon receipt to indicate the start date of the claim. The form should be accompanied by necessary supporting documentation including proof of identification, proof of address and evidence of means. Applications are then referred to a social welfare inspector for investigation, including a review of the claimant's total means. Upon receipt of the report of that investigation, a deciding officer determines whether the claim should be awarded or refused.
- 12.20** Twenty-five files were reviewed in each location visited and the take-on controls were examined. 57 of the 125 claims reviewed (46%) were in payment for five years or more, with 18 of those claiming Farm Assist for 14 years or more. The findings are summarised in Figure 12.5.

### Application Forms

- 12.21** In each office, there were cases where Farm Assist application forms were not on file and overall this issue was identified in 22 of the sample cases. Of these, 14 were cases which had been in payment for more than five years. Responses from management in some local offices indicated that claims may commence initially as Jobseeker's Allowance and an application form for that allowance is completed. Upon review, the claim may become a Farm Assist claim. Local management in each area have indicated that the cases identified are being addressed and the necessary forms are being obtained. Staff have now been instructed that a Farm Assist form must be completed in all cases before the claim is processed and approved for payment.

**Figure 12.5 Results of review of take-on controls for a sample of cases**

Issue	Number of cases where issue identified <sup>a</sup>					Total
	Baltinglass	Letterkenny	Ballina	Mullingar	Waterford	
Application form not on file	6	1	6	4	5	22
Application form incomplete	2	–	–	2	–	4
Form not date stamped <sup>b</sup>	20	–	2	22	2	46
No photographic identification on file	4	11	3	–	14	32
No proof of address on file	3	2	4	–	2	11

Source: Examination of sample of cases by Office of the Comptroller and Auditor General.

Notes: a More than one issue was identified in some cases.

b Date of receipt of application is relevant for identification of commencement of claim.

- 12.22** Application forms were not date stamped in 80% of cases examined in Baltinglass and 88% of cases in Mullingar, with the majority of these being cases in payment for less than five years. In both locations, there were also instances where application forms on file were incomplete. Local management in both offices have indicated that staff have been advised of the need to date stamp all applications, and to ensure all forms are complete.

### ***Evidence of Identity and Address***

**12.23** The cases reviewed in Mullingar had photographic evidence and proof of address in all cases. In the remaining four locations, a substantial number of cases were missing some of these documents. There was more evidence of the application of this control in cases which have been in payment for less than five years, but this issue was still identified in more than one quarter of those cases. Local management in Letterkenny and Waterford pointed out that all cases are investigated by a social welfare inspector who must indicate in their reports that they are satisfied with the applicant's identity and residency.

### ***Evidence of Means***

**12.24** The report of the social welfare inspector's examination of each case which is completed following a visit to the claimant includes the results of the examination of the claimant's means. The report sets out the particulars of all income as well as savings and property. These details are used as the basis for the means assessment completed by a deciding officer in the local office. Evidence of means such as copies of farm accounts and bank statements are not always retained on file. In all cases examined, a social welfare inspector's means report was on file.

### **Reviews**

**12.25** Annual declaration forms are issued to all Farm Assist claimants requiring them to declare that they have an ongoing entitlement to payment and to indicate any changes in means or family circumstances. Claimants are not required to provide documentation to support their declaration. Upon receipt of the declaration and if no change is declared, the claimant is certified for payment for another year. Where a change has been declared, a review is undertaken.

**12.26** A completed declaration should be maintained on each claimant's file. The audit examined the sample cases in each location to establish whether a declaration was on file for 2013. The results are summarised in Figure 12.6.

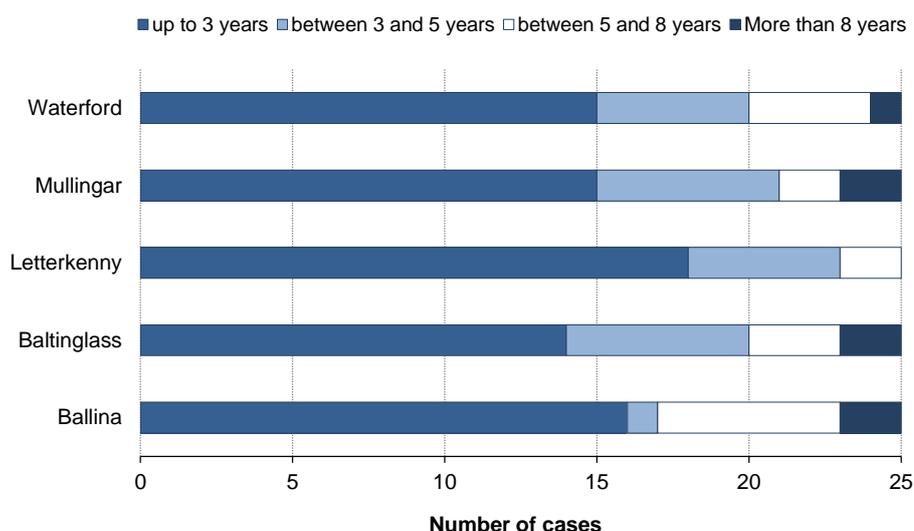
**Figure 12.6 Results of review of compliance with annual declarations for 2013**

	<b>Baltinglass</b>	<b>Letterkenny</b>	<b>Ballina</b>	<b>Mullingar</b>	<b>Waterford</b>	<b>Total</b>
Declaration on file	14	24	10	24	24	96
Declaration not on file	6	–	15	–	–	21
Claim not in payment for a year	5	–	–	1	1	7
File with inspector	–	1	–	–	–	1
<b>Total</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>125</b>

Source: Examination of sample of cases by Office of the Comptroller and Auditor General.

- 12.27** Three of the five locations were fully compliant with the annual declaration requirements. For 15 of the cases reviewed in Ballina, there was no declaration on file. Local management have since indicated that in nine of these cases, the declaration was located after the audit and is now on file. Local management in Ballina stated that, in future, all annual declarations will be kept on file. In six of the 25 cases in Baltinglass, there was no declaration on file.
- 12.28** In one case examined in Ballina, it was noted that the claimant had declared two children but continued to be paid only for one child. Local management have since reviewed the case and have indicated that payment to the claimant will be increased.
- 12.29** If the claimant does not provide information on the annual declaration that suggests a review is warranted, the claim remains in payment without review for another year. A prescribed periodic review of means is not set out in the Department's guidelines. Therefore, a claimant can remain in payment for many years without a detailed review of means and circumstances.
- 12.30** In one case examined in Ballina, a claimant was awarded Farm Assist in December 2003. The recipient's means were not reviewed again until February 2013 when information was provided to the Department by the Revenue Commissioners. That review identified means in excess of entitlement for the previous six years. Payment was stopped and an overpayment of €56,000 was assessed. The full amount of the overpayment was repaid by the claimant in a single payment.
- 12.31** In 2013, 377 overpayments were raised on the Farm Assist scheme with a total value of €2.9 million, giving an average overpayment of €7,575.<sup>1</sup> The five largest overpayments assessed in the year account for 20% of the total overpayments raised.
- 12.32** The examination of the 125 cases identified when the last full review had been carried out in each case. The results are set out in Figure 12.7.

**Figure 12.7 Time since last full review for sample of cases**



Source: Examination of sample of cases by Office of the Comptroller and Auditor General.

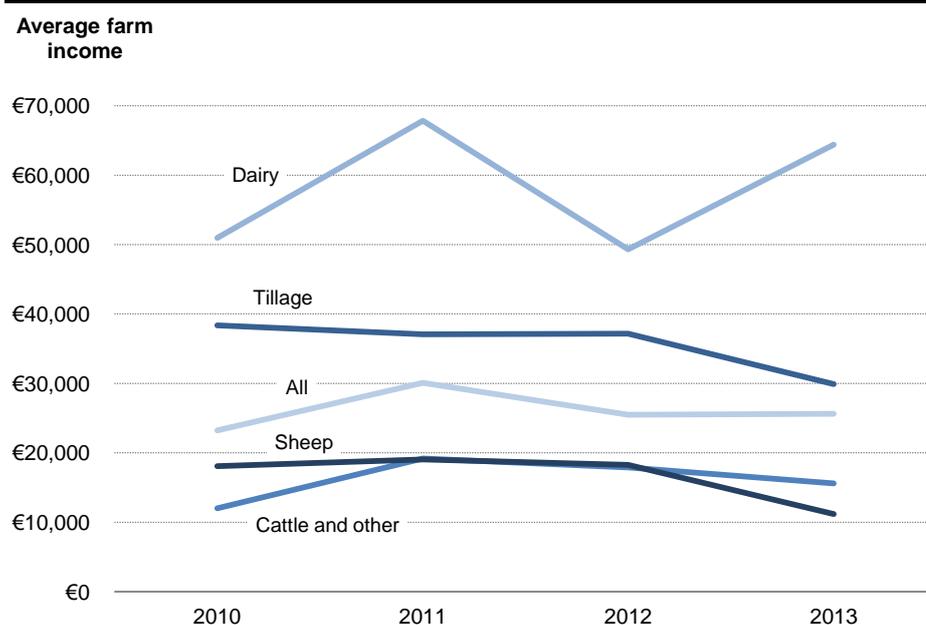
<sup>1</sup> These overpayments related to 363 scheme claimants.

- 12.33** Over a third of cases examined have not had a review, other than the annual declaration, for over three years. Seven cases (6%) have been in payment more than eight years without a full review being carried out. Local management in each area indicated that the cases identified during the audit that have not been reviewed for a number of years are being examined and will be referred for review where appropriate.
- 12.34** In relation to the sample of cases examined, information on the files indicated that in some cases a full review should be considered. For example
- in one case, the claimant had disclosed shareholdings on application but no value was attributed to that shareholding in the means assessment. The same case subsequently indicated a decrease in the number of livestock which may have given rise to income from sales but a means review was not carried out. Local management indicated that the file would be sent to an inspector for urgent review
  - in another case, the recipient had income from the farm and from a shop. Means of €3,000 were assessed based on accounts for 2010 and 2011. However, drawings of €49,000 disclosed in the accounts do not appear to have been taken into account in the means assessment.

### ***Changes in Levels of Farm Income***

- 12.35** Changes in average farm income levels between 2010 and 2013, for different farm types, are set out in Figure 12.8. Overall, average farm incomes have increased by 10% since 2010. However, the volatility in farm income levels can be seen in the variation from year to year and between different farm types.
- 12.36** In 2011, the Waterford office requested recipients to provide details of the type of farming engaged in. This information was intended to be used to enhance the review process and assist in profiling cases. However, no review or other follow up action was taken in light of the information obtained. Details of the type of farming activity were not collected in the other offices visited.

**Figure 12.8 Average farm income by farm type, 2010 – 2013**



Source: National Farm Surveys, Teagasc, 2012 and 2013

## Conclusions and Recommendations

- 12.37** Farm Assist is a relatively new scheme introduced in 1999. Its objectives are to provide support to low income farmers to enable them to continue farming, and to help maintain the viability of rural communities. In the five years to 2013, expenditure on the scheme has totalled €525 million. In 2013, it helped over 10,000 farmers, which accounts for approximately 7% of the farms in the State, at a cost of €99 million. The counties with the highest level of Farm Assist recipients are located in the border, west and south west regions.
- 12.38** Based on audit work conducted in a number of local offices administering Farm Assist, there is scope for improvement in terms of ensuring basic documentation such as completed application forms and evidence of identity and residency are on file.
- 12.39** The audit work indicates that the strategy for review of cases in payment could also be improved. While an annual declaration is required from all claimants, no evidence to support the declaration is required. The audit found that payment can continue for many years without an in-depth review to identify possible changes in means or circumstances. Such changes are more likely in a scheme such as Farm Assist where a high proportion of recipients have been on the scheme for many years. Statistical information on changes in farm incomes is not used to profile cases for possible review.

### Recommendation 12.1

The Department should review the operation of key controls and ensure all staff administering Farm Assist are aware of the importance of ensuring controls are complied with in all cases.

#### Accounting Officer's response

Agreed. Updated instructions will be issued to all staff regarding the key controls that must apply.

### Recommendation 12.2

The Department should assess the review approach for Farm Assist cases. It should consider introducing a process outside the annual declaration, which focuses on cases deemed more likely to have a change in circumstances. Information on changes in farm incomes should be used to assist in identifying cases for review.

#### Accounting Officer's response

Agreed. The Department will examine its control and review policy in relation to the operation of the Farm Assist scheme. This examination will be conducted over the coming months with a view to having it completed by the end of the first quarter of 2015. Notwithstanding the outcome, the Department will aim to review Farm Assist cases at least every three years, subject to the necessary investigative resources being available. Issues in relation to the type of review to be carried out in each case will also be explored. The Farm Assist scheme will also form part of the Department's fraud and error survey schedule for 2015.

### **Recommendation 12.3**

The Department should consider seeking supporting documentation for the annual declaration such as bank statements and farm accounts.

#### **Accounting Officer's response**

Agreed. The Department will examine the operation of the annual declaration process and the type of additional information that could usefully supplement the declarations so as to deliver better ongoing management and control of the scheme. This will form part of the examination of the Farm Assist control and review policy.

### **Recommendation 12.4**

The Department should evaluate the extent to which the Farm Assist scheme is achieving its objectives in terms of assisting claimants to continue farming, and in helping maintain the viability of rural communities.

#### **Accounting Officer's response**

Not agreed. The Department is not in a position to undertake such a review as it raises issues that are wider than its remit and have policy implications for the Department of Agriculture, Food and the Marine and the Department of the Environment, Community and Local Government. Any review of Farm Assist must be considered in this policy context. The role of Farm Assist may be referenced in the context of the inter-departmental group established to implement the recommendations of the report of the Commission for the Economic Development of Rural Areas.