

# 11 Regularity of social welfare payments

- 11.1 The Department of Employment Affairs and Social Protection (the Department) is required to ensure that the expenditure it incurs has been applied for the purposes for which the money was made available by Dáil Éireann, and that its financial transactions conform with the authorities under which they purport to have been carried out. Financial transactions are considered to be 'regular' when both of these conditions are satisfied.
- 11.2 Any payments in excess of entitlements under the terms of welfare schemes are, accordingly, irregular. Such excess payments can arise in a number of ways, including
- **Claimant fraud** — where a claimant for welfare payments intentionally provides incomplete or inaccurate information in relation to a claim, or deliberately fails to inform the Department of relevant changes in circumstances (such as an increase in means or a change in medical condition) affecting a claim in payment.
  - **Claimant error** — which arises when the claimant has provided inaccurate or incomplete information, or failed to report a relevant change in circumstances, but there is no fraudulent intent on the claimant's part.
  - **Official error** — where benefits are paid incorrectly due to inaction, delay or mistakes made by the Department's staff.<sup>1</sup>
- 11.3 The Department has a well-established programme to undertake control surveys of social welfare schemes. The surveys involve 'point-in-time' reviews of random samples of 500 to 1,000 claims in payment to establish if the recipients are entitled to the payments they are currently receiving and if so, whether the correct amounts are being paid. The surveys assist the Department in identifying scheme risks and the need for any changes to the control measures in place. Higher value schemes are surveyed more frequently than low value schemes. Annex 11A outlines past surveys, and those planned for 2019.

## Eligibility for payment

- 11.4 Eligibility to a welfare payment varies from scheme to scheme and may include satisfying age, family circumstances and/or economic status criteria. Most schemes depend on either a social insurance contributions record or a claimant's income from other sources determined through means testing.
- 11.5 Medical eligibility is a key qualifying criterion for payment under a number of welfare schemes. For example
- Recipients of disability allowance must have an injury, disease or physical or mental disability that has continued or may be expected to continue for at least one year and as a result of that disability, be substantially restricted in undertaking work that would otherwise be suitable for a person of their age, experience and qualifications.
  - Recipients of illness benefit must be unable to work due to illness or injury — weekly or monthly certification of their continuing inability to work must be provided to the Department by their GP.

<sup>1</sup> In some cases, claimant and official error can also result in claimants receiving less than they are entitled to.

- Recipients of invalidity pension must be assessed to be permanently incapable of work, or have been incapable of work for at least 12 months and be likely to be incapable for work for at least a further 12 months.

- 11.6** When the Department carries out a control survey of a scheme which has medical eligibility payment criteria, medical reviews of a subset of cases are undertaken. This may result in cases being identified whose medical condition is considered to no longer meet the specified criteria. Where this occurs, welfare payments may be stopped, or the amount payable may be reduced.
- 11.7** Because the medical condition of a welfare recipient may improve over time, the Department does not consider a review finding that a welfare recipient is currently medically ineligible necessarily constitutes a payment error or fraud. The Department considers that up to the point of medical review, the payment is supported by previous medical evidence. In its view, any change found on medical review does not reflect a payment error or suspected fraud because both the Department and the recipient were acting in good faith, supported by medical evidence up to this point.
- 11.8** Because improvements in medical condition can result in a recipient losing entitlement to a welfare payment, the identification of such cases as a consequence of an entitlement review indicates the existence of a payment in excess of entitlement at the time of the review, which should be included in the estimation of excess payment levels.

### Gross and net excess payments

- 11.9** A recipient of welfare payments who is found not (or no longer) to be entitled to a payment under a particular scheme may be entitled to a payment under a different scheme operated by the Department.<sup>1</sup> In that event, the detected excess payment on the scheme may be offset (fully or in part) by additional payments on the other scheme. In other cases, a recipient whose payments are altered as a result of a control survey review, may be restored (or part restored) to payment as a result of an appeal.
- 11.10** These outcomes give rise to a distinction between gross excess payments and net excess payments. Both have implications for the regularity of scheme and aggregate expenditure recorded in the appropriation account of Vote 37 Employment Affairs and Social Protection and in the accounts of the Social Insurance Fund (SIF).

1 The Department may also pay welfare in respect of persons whose payment is stopped and who are dependents of another welfare recipient.

2 Non-contributory State pension is included in the table because of the level of scheme expenditure, although the most recent control survey for that scheme was in 2008. A new survey of the scheme is underway.

3 The Household Benefits survey in 2016 is not included because the survey related to beneficiaries not in receipt of another welfare payment and represented only 7% of those in receipt of the benefits package.

### Survey results

- 11.11** Figure 11.1 shows the expenditure in 2017 on Vote and SIF schemes in respect of which control surveys have been undertaken (at least once) since 2012.<sup>2,3</sup> It also shows the estimated levels of excess payment for each scheme found during the latest surveys due to suspected fraud, error or medical ineligibility.
- 11.12** There is wide variation in the level of excess payments found by surveys of Vote funded schemes. Apart from child benefit, which is a universal payment (i.e. not means-tested), the gross excess payments range from 1.9% of scheme expenditure to 18.4%. The net excess for Vote funded schemes ranges from 0.5% to 10.4%.
- 11.13** There is also variation in the level of excess payment in the SIF funded schemes surveyed. Estimates of gross excess payments on the SIF funded schemes range from 0.8% to 13.4%. The net excess for SIF funded schemes ranges from 0.7% to 6%.

**11.14** In aggregate, the schemes included in Figure 11.1 accounted in 2017 for 76% (€7.9 billion) of Voted expenditure, and 91% (€8 billion) of SIF expenditure.

**Figure 11.1 Estimated level of excess payments in surveyed schemes**

Account and scheme	Scheme cost 2017 €million	Estimated level of excess payments	
		Gross	Net
<b>Vote funded schemes</b>			
Jobseeker's Allowance	2,103	4.6%	3.1%
Child Benefit	2,086	0.5%	0.5%
Disability Allowance <sup>a</sup>	1,469	18.4%	4.1%
State Pension (non-contributory)	995	1.9%	n/a
One-Parent Family Payment	498	7.1%	2.7%
Family Income Supplement	415	1.9%	0.5%
Rent Supplement	231	6.0%	5.0%
Supplementary Welfare Allowance (BASI)	97	2.6%	2.4%
Farm Assist	78	10.6%	10.4%
<b>Total Vote funded schemes</b>	<b>7,972</b>		
<b>Social insurance funded schemes</b>			
State Pension (contributory/transition)	4,916	2.0%	2.0%
Widow's/Widower's/Surviving Civil Partner's Contributory Pension	1,467	0.8%	0.7%
Invalidity Pension <sup>a</sup>	673	2.8%	1.5%
Illness Benefit <sup>a</sup>	599	13.4%	6.0%
Jobseeker's Benefit	340	2.5%	1.6%
<b>Total Social Insurance Fund schemes</b>	<b>7,995</b>		

Source: Office of the Comptroller and Auditor General

Note: a The levels of excess payments in the three illness related schemes attributed to medical ineligibility included in the results above are shown below

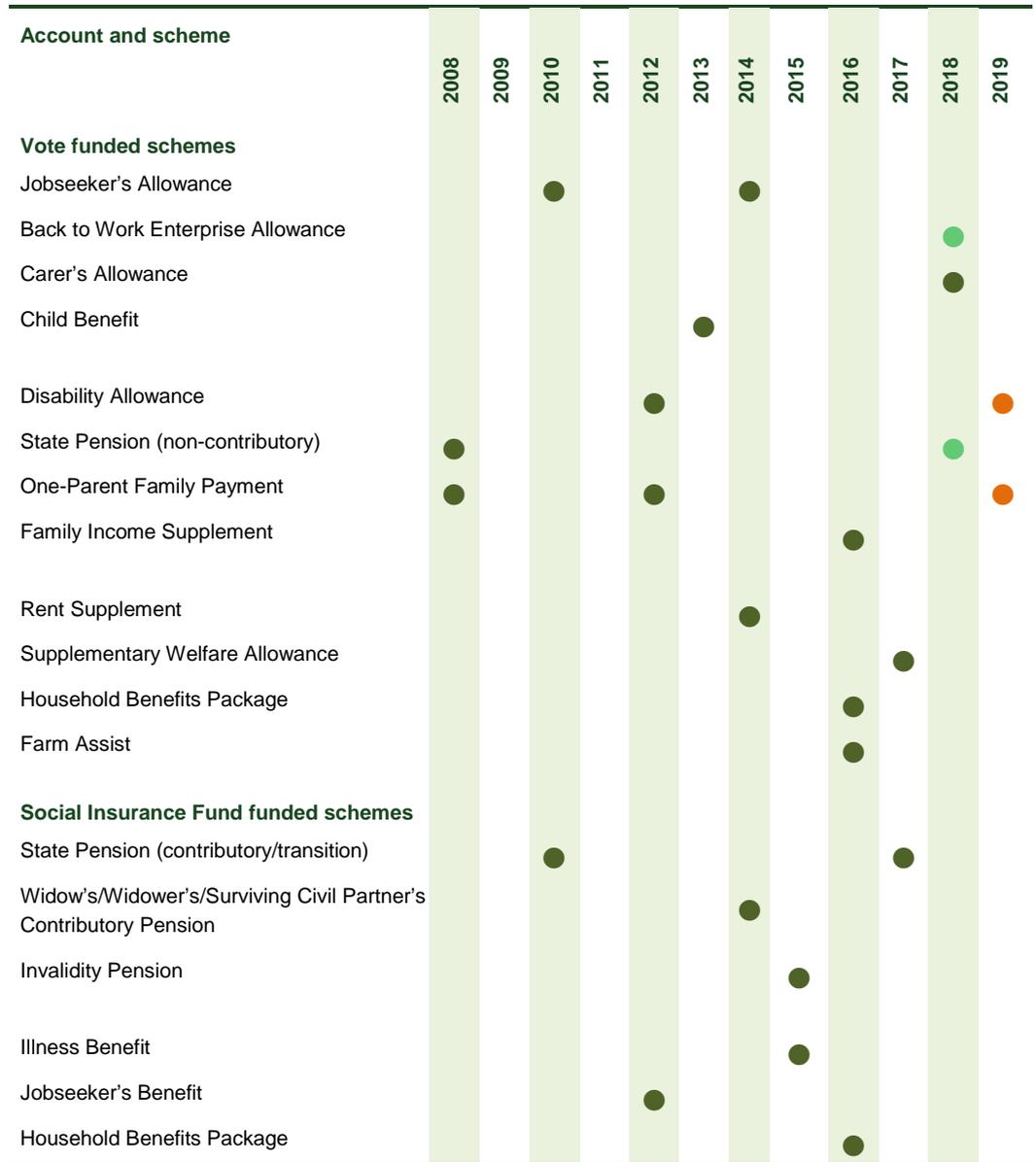
Scheme	Estimated level of excess payments	
	Gross	Net
Disability allowance	15.3%	2.0%
Invalidity pension	2.3%	1.0%
Illness benefit	12.9%	5.6%

## **Conclusion**

- 11.15** The level of excess payments found by the Department's control surveys is material both at a scheme/gross level, and at a net/departmental level. Accordingly, I have referred in my audit reports on the 2017 Appropriation Account for Vote 37 Employment Affairs and Social Protection and the 2017 Account of the Social Insurance Fund to the material level of irregularity of scheme payments.

## Annex 11A

**Figure 11A.1 Schedule of control surveys published and underway 2008 to 2018, and planned, 2019**



Source: Office of the Comptroller and Auditor General

Key: ● Planned, subject to confirmation on finalisation of new Control Strategy (2019 to 2023)  
 ● Underway  
 ● Published

