

16 Regularity of Social Welfare Payments

- 16.1** 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.
- 16.2** Payments in excess of entitlements under the terms of the welfare schemes are 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 clear fraudulent intent on the claimant's part
 - **departmental error** — where benefits are paid incorrectly due to inaction, delay or mistakes made by the Department's staff.¹
- 16.3** The Department has a well established programme to undertake fraud and error surveys of social welfare schemes. These are point-in-time measurements of fraud and error in schemes. The surveys involve 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 16A outlines the past surveys, and those planned for 2018 and 2019.
- 16.4** Medical eligibility is a key qualifying criterion for payment under certain 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 and a final medical certificate must be provided to the Department before they return to work, at which point payment ceases
 - recipients of invalidity pension must 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.

¹ In some cases, claimant and departmental error can also result in claimants receiving less than they are entitled to.

- 16.5** When the Department carries out a fraud and error 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.
- 16.6** 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 by the Department or the welfare recipient because both were acting in good faith, supported by medical evidence up to this point.
- 16.7** 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.
- 16.8** 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.¹ 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 some cases, a recipient whose payments are altered, may be restored (or part restored) to payment as a result of an appeal. This gives 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 Social Protection and in the accounts of the Social Insurance Fund (SIF).
- 16.9** Figure 16.1 shows the expenditure in 2016 on Vote and SIF schemes in respect of which fraud and error surveys have been undertaken (at least once) since 2012.^{2,3} It also shows the estimated levels of excess payment for each scheme found during the surveys due to fraud, error or medical ineligibility.

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 fraud and error survey for that scheme was in 2008. A new survey of the scheme is planned in 2018.

3 The Household Benefits survey in 2016 is not included as only 7% of those in receipt of the benefits package were surveyed.

Figure 16.1 Estimated level of excess payments in surveyed schemes

Account and scheme	Scheme cost	Estimated level of	
	2016	excess payments	
	€million	Gross	Net
Vote funded schemes			
Jobseeker's Allowance	2,452	4.6%	3.1%
Child Benefit	2,078	0.5%	0.5%
Disability Allowance ^a	1,358	18.4%	4.1%
State Pension (non-contributory)	982	1.9%	n/a
One-Parent Family Payment	501	7.1%	2.7%
Family Income Supplement	415	1.9%	0.5%
Rent Supplement	275	6.0%	5.0%
Farm Assist	79	10.6%	10.4%
Total Vote schemes	8,140		
Social Insurance Fund funded schemes			
State Pension (contributory/transition)	4,662	2.0%	2.0%
Widow's/Widower's/Surviving Civil Partner's Contributory Pension	1,437	0.8%	0.7%
Invalidity Pension ^a	645	2.8%	1.5%
Illness Benefit ^a	597	13.4%	6.0%
Jobseeker's Benefit	356	2.5%	1.6%
Total Social Insurance Fund schemes	7,697		

Source: Office of the Comptroller and Auditor General

Note: a Figures for Disability Allowance, Invalidity Pension and Illness Benefit include the results of cases medically reviewed.

- 16.10** 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 estimates range from 1.9% of scheme expenditure in the cases of the family income supplement and non-contributory State pension to 18.4% for Disability Allowance (including medical ineligibility).
- 16.11** There is also variation in the level of excess payment in the SIF funded schemes surveyed. Estimates of excess payments on the SIF funded schemes range from 0.8% for widows'/widowers'/surviving civil partners' contributory pension to 13.4% for Illness Benefit (including medical ineligibility).
- 16.12** In aggregate, the schemes included in Figure 16.1 accounted in 2016 for 76% (€8.1 billion) of Voted expenditure, and 91% (€7.7 billion) of SIF expenditure.

Conclusions and recommendations

- 16.13** I consider that excess payments due to fraud, error or medical ineligibility are irregular. The level of excess payments found by the Department's fraud and error 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 2016 Appropriation Account for Vote 37 Social Protection and the 2016 Account of the Social Insurance Fund to the material level of irregularity of scheme payments.

Annex 16A

Figure 16A.1 Schedule of fraud and error surveys published 2004 to 2017 and planned to 2019

