13 Regularity of social welfare payments

13.1 The Department of Social Protection (the Department) is required to ensure that

- expenditure it incurs has been applied for the purposes for which the money has been made available by Dáil Éireann, and
- 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.

13.2 Any payments that are in excess of claimants’ entitlements under the terms of welfare schemes are, accordingly, irregular. Such excess payments can arise due to suspected fraud, new facts or evidence such as a change in the claimant’s circumstances not being notified to the Department, or official error (see Annex 13A).

13.3 The level of expenditure incurred each year by the Department means that even a low incidence of error, new facts and/or suspected fraud can result in a substantial monetary loss to the Exchequer — which funds Vote 37 Social Protection — or to the Social Insurance Fund (SIF), which is mainly funded by social insurance contribution receipts.

13.4 This chapter assesses the regularity of social welfare payments for 2023 and considers the impact on the Comptroller and Auditor General’s audit reports for the Vote 37 appropriation account and the SIF financial statements. The examination team reviewed key documents and data produced by the Department and interviewed relevant members of Department staff.

13.5 Annual gross expenditure of the Department in 2023 was €25.1 billion. In addition to the Department’s scheme expenditure,

- €703 million was paid for administration expenses
- €1 billion was paid over to the National Training Fund
- €59 million in grant funding was paid to the Citizens Information Board.

13.6 The Department has stated that the estimated average rate of excess payments across its scheme expenditure was in the range of 2.9% – 3.8% for 2023. The audit estimated an excess payment rate of 3.44% for the same period.[1]

1 Excludes Covid-19 related expenditure and is calculated using 2023 expenditure for the schemes surveyed in the last ten years (86% of the total scheme expenditure).

Control surveys

13.7 The Department undertakes a programme of surveys of scheme payments in order to determine the level of excess payment that is occurring. This is a key measure of the Department's success in preventing, detecting and deterring fraud and error in its scheme payments. The surveys also assist the Department in identifying scheme-specific risks and required changes to the control measures in place.[1]

13.8 The surveys involve reviews of random samples of 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.

Control survey methodology

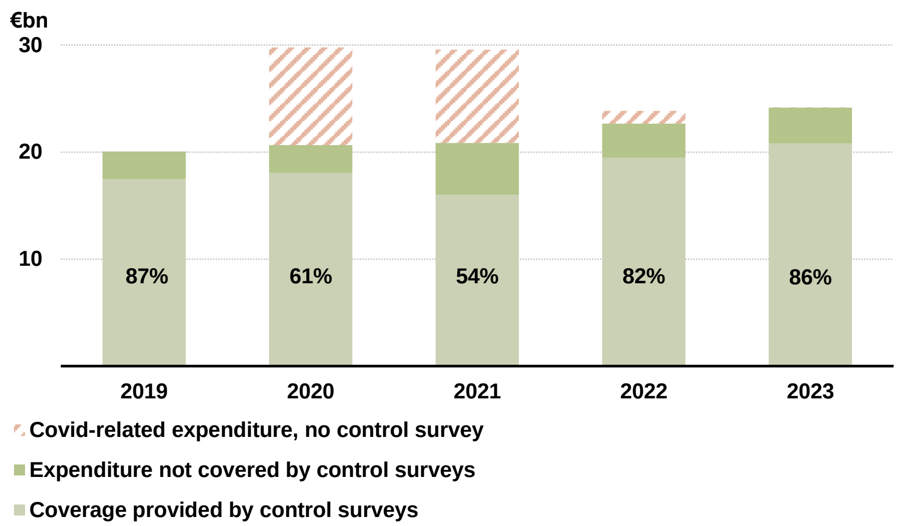
Control surveys generally review between 500 and 1,000 randomly selected claims for each scheme and aim to provide an estimate — with 95% confidence — of the level of incorrect payment at a point in time. The surveys typically capture

- the **gross excess payment** which is the total value of any excess payments identified
- the **net excess payment** which adjusts for transfers to other schemes in situations where a claimant (and/or a dependent person) was found to be paid in excess of their entitlements on the scheme reviewed, but was entitled to a different social protection payment.

The Department considers the net excess payment identified to be the more accurate measure of the level of excess payment on schemes.

13.9 86% of the Department's total scheme expenditure in 2023 was on schemes subject to control surveys conducted within the last ten years (see Figure 13.1). This was an increase from 82% of total scheme expenditure in 2022.[2]

Figure 13.1 Coverage of scheme expenditure provided by control surveys[a]



Source: Department of Social Protection. Analysis by the Office of the Comptroller and Auditor General.

Note: a Coverage provided by control surveys published within the last ten years (2015 to 2024).

1 The Department published the methodology for control surveys in May 2022 which is available here.

2 Excludes Covid-19 related schemes. The Department stated that the pandemic-related schemes were temporary and therefore control survey of the schemes would be of limited use in relation to the amendment of scheme controls.

Implications of control surveys for audits

13.10 There is wide variation in the level of excess payments found by surveys undertaken since 2015 (see Figure 13.2).

- In relation to Vote-funded schemes, estimated rates of net excess payments range from 0.6% of scheme expenditure on working family payment, to 12.7% of scheme expenditure on farm assist.
- Estimated rates of net excess payments for SIF schemes range from 0.9% (state pension contributory) to 8% (jobseeker's benefit).

Figure 13.2 Estimated level of net excess payments in schemes subject to control surveys published since 2015

	Scheme (and survey report date)[a]	Scheme cost in 2023 €m	Estimated level of net excess payment[b]
Vote funded schemes	Child benefit (2022)	2,428	1.4%
	Disability allowance (2023)	2,175	5.7%
	Jobseeker's allowance (2024)	1,823	8.3%
	State pension (non-contributory) (2019)	1,229	6.5%
	Carer's allowance (2018)	1,082	9.1%
	One-parent family payment (2021)	680	5.9%
	Working family payment (2016)	392	0.6%
	Supplementary welfare allowance (BASI) (2017)	121	2.6%
	Farm assist (2016)	54	12.7%
	Back to work enterprise allowance (2019)	30	3.3%
Social insurance funded schemes	State pension (contributory) (2024)	7,089	0.9%
	Widow's/widower's/surviving civil partner's contributory pension (2024)	1,813	1.3%
	Invalidity pension (2015)	794	1.5%
	Illness benefit (2015)	662	6.0%
	Jobseeker's benefit (2023)	438	8.0%

Source: Department of Social Protection. Analysis by the Office of the Comptroller and Auditor General.

Notes: a The household benefits survey in 2016 is not included because the survey only related to beneficiaries not in receipt of another welfare payment and represented only 7% of those in receipt of the benefits package.

b The net excess payment is the value of all excess payments identified less transfers to other schemes. The figures shown are the net excess payments identified in control surveys as a percentage of the total value of payments of income support included in the survey cases.

Latest control survey findings

13.11 The Department published two control surveys in 2024, covering three schemes.

Jobseeker's allowance

13.12 The jobseeker's allowance scheme is funded by the Vote, with expenditure of €1.8 billion in 2023. There were 90,535 claims in payment at December 2023 and, as at September 2024, the personal rate is €232 per week.[1] The allowance is a means-tested weekly allowance paid to individuals working three days a week or less, who are habitually resident in the State, and are genuinely seeking full-time employment.[2]

13.13 In March 2024, the Department published the results of the jobseeker's allowance control survey. The survey examined 947 claims in payment in 2022 and 2023 in three batches — 250 claims in February 2022, 500 claims in September 2022 and 197 claims in April 2023.[3]

13.14 The control survey found that 206 (21.8%) of the jobseeker's allowance claimants surveyed were receiving more than they were entitled to. The value of the excess payments was estimated to be 8.3% of expenditure on the sampled cases.[4] There were no identified entitlements to payments under other schemes that would reduce the value of the excess payments. This compares with a net excess payment level (by value) of 7.9% found in the previous control survey published in 2022.

13.15 The control survey also found 7.9% of claimants surveyed were being underpaid, with the underpayments equivalent to 1.3% of scheme expenditure across all claims examined.

13.16 The excess payment rate of 8.3% detected by the survey is high. The Department outlined the steps taken to address the key scheme risks identified by the survey and to improve the controls over jobseeker's allowance (see Figure 13.3).

13.17 The sample cases in this survey were selected for review at a time when the Department was progressively re-introducing many of the controls that had been suspended during Covid-19. Measures implemented during 2023, including the requirement to sign on quarterly from April 2023 onwards, may have a positive impact on the results of future control surveys on jobseeker's allowance.

1 A reduced rate of €141.70 is paid to those aged 18 – 24 and not living independently. An additional payment may be made for qualifying dependent adults or children.

2 The claimant must be over 18 and under 66 years of age.

3 This is the third 'rolling' survey of the jobseekers' allowance scheme that the Department has published (the previous surveys were published in 2021 and 2022).

4 The main causes of excess payments identified were wilful concealment of facts (4.4% of scheme expenditure) and unreported changes in circumstances (2.6% of scheme expenditure).

Figure 13.3 Jobseeker's allowance — control survey findings and control changes

Scheme risk

- claimants with means other than from employment are more likely (62% of cases) to receive an overpayment than those without other means (20%)
- risk of overpayment to part-time/casual workers (48%) is twice as high as to non-casual workers (17%)
- females are more likely to be part-time jobseekers, and hence more likely to have an overpayment (27%) compared to males (19%)
- married or cohabiting claimants have a higher risk of overpayment (34%) than single claimants (16%)
- increased risk of overpayment by EFT (34%) compared to post office payments (14%)

Measures to improve the control regime

- ensure all jobseekers attend their Intreo centre within one month of claim award to sign on, and sign on quarterly thereafter[a]
- increase targets of claim reviews for 2024 and an increase in reviews referred to social welfare inspectors
- ensure that priority is given to reviewing high risk claims identified by data matching with real-time payslip information provided by the Office of the Revenue Commissioners (Revenue).[b,c]
- Department employment services staff to take a more active role in reviewing claims where the claimer is not engaging
- greater focus on employer verification of work patterns on casual claims
- new applicants to continue to be paid at the post office
- continue to utilise the resources and experience of the Department's Special Investigation Unit to target high risk sectors
- the process for 'commencement of earnings' notifications (from Revenue) was streamlined during 2023, which should provide faster processing of reviews on claims and reduce incidences of overpayments

Source: Department of Social Protection

Notes:
a Since April 2023. Signing had been suspended during Covid-19 and therefore impacted on the cases included in this survey.
b See *Report on the Accounts of the Public Services 2023*, chapter 16, Use of Revenue real-time data in social welfare means and income assessments.
c The legal basis for the sharing of personal data with third parties and the processing of personal data is covered in more detail in the Department's privacy statement.

Contributory pensions

13.18 Both the State pension contributory (SPC) and the widows', widowers' and surviving civil partners' contributory pension (WCP) are funded by the SIF, and entitlement is determined based on social insurance contributions. Due to the similarity between the schemes, the Department conducted a joint control survey and published the results in March 2024.

State pension (contributory)

13.19 SPC expenditure in 2023 was €7.1 billion. It is payable to a claimant aged 66 or over who satisfies certain social insurance contribution conditions. There were 506,723 claims in payment as at December 2023. The pension (personal rate) is not means-tested or affected by other income that the claimant may have, such as an occupational pension.[1] As at September 2024, the maximum personal rate is €277.30 per week.

13.20 The control survey reviewed 400 claims in payment in February 2023 and found that 13 (3.3%) of the SPC claimants surveyed were receiving more than they were entitled to. The value of the gross excess payments was estimated to be 0.9% of the scheme expenditure on the sample cases.

13.21 The control survey also found that 4.5% of the SPC claimants surveyed were being underpaid, with the underpayments equivalent to 0.5% of scheme expenditure across all claims examined.

13.22 The excess payment of 0.9% is low, and compares to 2.1% found by the previous control survey published in 2017. The Department has stated that older control surveys are not comparable to the more recent surveys due to differences in the methodologies used.

Widows', widowers' and surviving civil partners' pension (contributory)

13.23 WCP expenditure in 2023 was €1.8 billion. It is payable to the surviving husband, wife or civil partner of a deceased person based on social insurance contribution records.[2] There were 125,912 claims in payment as at December 2023. As at September 2024, the maximum personal rate is €277.30 for a person age 66 or over, and €237.50 for a person under 66.[3]

13.24 The control survey reviewed 200 claims in payment in February 2023 and found that 12 (6%) of the WCP claimants surveyed were receiving more than they were entitled to. The value of the gross excess payments was estimated to be 1.3% of the scheme expenditure on the sample cases.

13.25 The control survey also found that 2% of the WCP claimants surveyed were being underpaid, with the underpayments equivalent to 0.2% of scheme expenditure across all claims examined.

13.26 The excess payment of 1.3% is relatively low, and compares to 0.7% found by the previous control survey published in 2014. As above, the Department has stated that older control surveys are not comparable to the more recent surveys due to differences in the methodologies used.

1 Increases for qualified adults are means-tested payments.

2 Entitlement is based on either the claimant or their late spouse or civil partner's social insurance record.

3 Increase for child dependant of €46 (child under 12) and €54 (child 12 and over).

Figure 13.4 State pension (contributory) and widows', widowers' and surviving civil partners' pension (contributory) control survey findings and control changes

Scheme risk

- the only risk factor identified by the survey results was WCP claimants aged under 55 were more likely to have an incorrect payment compared to all the other age groups

The current controls in place appear to be comprehensive for both schemes and will continue to be implemented

- control review targets similar to previous years for both schemes have been agreed and will be implemented
- continuing eligibility certificates will continue to issue to ensure that claimants on both SPC and WCP remain entitled to payment
- data matching with Business Analytics Unit and Control Division will continue for both schemes to identify control reviews based on risk assessment

Source: Department of Social Protection

13.27 Figure 13.4 shows the risk identified by the 2024 control survey and steps the Department is taking to address this risk and improve controls over the SPC and WCP. Both schemes continue to be regarded as low-level risk schemes and the current controls in place appear to be effective for both schemes.

Recovery of overpayments

13.28 Where an excess payment is identified by the Department, the deciding officer will determine on a case-by-case basis how this is to be treated, by issuing either

- a 'current date' decision i.e. future payments are corrected but recovery of any past excess payments is not sought — no overpayment debt is raised, or
- a 'retrospective' decision i.e. future payments are corrected, a specific overpayment debt amount is raised for recovery.

13.29 The examination team reviewed the survey cases in the latest (2024) control surveys where the Department identified an excess payment and found that overpayments had not been raised in the majority of cases. Overpayments had been raised in only 24 out of 231 excess payment cases identified.

13.30 A perceived low likelihood of having an overpayment debt raised when an excess entitlement situation is detected may mean that there is little or no incentive for a claimant to proactively inform the Department of a change in circumstance relevant to their claims.

13.31 The Department has stated that it proactively reviews higher-risk claims, and that where an overpayment debt is raised, the claimant has a liability to refund the overpayment in full, including from any future social welfare payments.

Forthcoming control surveys

13.32 In March 2023, the Department commenced control surveys of the State pension (non-contributory) scheme. A sample of 400 claims in payment in February 2023 and 400 claims in payment in January 2024 were selected.

13.33 The Department is conducting a rolling control survey on the jobseeker's allowance scheme with the most recent batch of 250 claims in payment in March 2024 selected. The reports on the above control surveys are expected to be published in the first quarter of 2025.

13.34 Both state pension (non-contributory) and jobseeker's allowance schemes are funded from Vote 37 Social Protection and had a combined expenditure of €3.05 billion in 2023.

13.35 The Department renewed its compliance and anti-fraud strategy for the period 2024 to 2028, stating that the Department is committed to ensuring that only those people who are eligible receive welfare and other payments.[1]

Other social welfare payment regularity issues

Pandemic unemployment payment

13.36 The pandemic unemployment payment (PUP) commenced in March 2020 and total scheme expenditure amounted to around €9.2 billion over the period 2020 to 2022. The Comptroller and Auditor General previously reported on the risk of overpayments and increased difficulty of recovering older debt in reference to PUP.[2,3]

13.37 PUP scheme overpayments raised during 2023 amounted to €6.9 million. The total PUP scheme overpayments raised as at December 2023 was €55.5 million (0.6% of scheme expenditure) of which €13 million has been recovered.

13.38 The Department is undertaking a number of reviews aimed at identifying cases where claimants may not have satisfied the eligibility criteria for receipt of PUP. These reviews are focused on cases where there is an apparent overlap between PUP payment records and employer payroll returns to Revenue, and cases where there is no underlying record of employment, to allow for assessment of the claimant's contention that they had lost employment. Both exercises are ongoing.

13.39 To date, the Department has cross checked 30 million PUP payments week by week against Revenue records. It has identified between 50,000 and 60,000 cases where there was an overlap between receipt of PUP and a period of employment. The Department stated that almost 6,600 claimants have been contacted to initiate the Department's recovery process as at June 2024.

Social welfare branch managers

13.40 Social welfare branch offices are operated and managed by branch managers who are engaged as agents of the Department, under contracts for services.[4] The Comptroller and Auditor General published a report in September 2023 on ex-gratia payments to social welfare branch managers.[5] This found that the Department of Public Expenditure, National Development Plan Delivery and Reform (the Department of Public Expenditure) sanction for the structure of payment arrangements between the Department and branch managers expired in 2020.

1 Compliance and Anti-Fraud Strategy 2024 – 2028.

2 *See Report on the Accounts of the Public Services 2020*, chapter 11, Controls over the Covid-19 pandemic unemployment payment.

3 *See Report on the Accounts of the Public Services 2022*, chapter 16, Recovery of welfare overpayments.

4 Branch managers are self-employed contractors who are responsible for meeting the costs of providing the service, including staff and premises costs.

5 *See Report on the Accounts of the Public Services 2022*, chapter 14, Ex-gratia payments to social welfare branch managers.

13.41 The Department agreed to engage with the Department of Public Expenditure to ensure that the necessary sanctions and governance arrangements are in place for remuneration of branch managers. The Department had additionally increased the remuneration package for branch managers, with effect from 1 January 2023.

13.42 The Department subsequently sought 'retrospective sanction' from the Department of Public Expenditure in writing on 2 January 2024. In May 2024, the Department of Public Expenditure informed the Department that "the issue of retrospective sanction does not arise after the fact" and that "the appropriation accounts for 2022 have been completed and the [ex-gratia] payment noted." In its response, the Department of Public Expenditure also acknowledged the Department's commitment that sanction will be sought prior to the implementation of any future changes to the remuneration arrangements.

13.43 The Department of Public Expenditure has subsequently stated that the matter of the current payment arrangement in place with the branch managers since 2023 is being considered as part of the Department's broader current expenditure sanction.

One-parent family payment

13.44 The one-parent family payment is a means-tested payment to a qualifying parent caring for one or more children without the support of a partner. In 2023, scheme expenditure was €680 million.[1] As part of scheme controls in place, the claimant is required to submit an annual return on an 'OFP40' form, to update the Department on the claimant's circumstances. This return is used to verify that the claimant remains eligible for the payment and that the payment is made at the correct rate.

13.45 A report of the Child Maintenance Review Group, published in November 2022, included a recommendation that child maintenance payments should be disregarded by the Department when carrying out means-testing.[2] Information on child maintenance payments is requested on the OFP40 form and, as a result, the Department made a decision to supress the form while the necessary changes in legislation were being made.[3,4]

13.46 The annual return form was due to be suppressed until March 2023, but as of September 2024, the form has not been re-introduced. The absence of this control may result in delays in the Department being notified of changes to a claimant's circumstances.

13.47 The Department stated it is reviewing the effectiveness of the OFP40 form based on reviews and savings data before a decision is made to reintroduce it.

Daily expenses allowance

13.48 The daily expenses allowance is an income tested entitlement paid to international protection applicants who reside in, or are waiting for, accommodation provided by the International Protection Accommodation Services. Scheme expenditure for the year was €34.4 million, an increase of 78% from 2022, due to the increased number of international protection applicants.

13.49 Legislation requires the Department to conduct an income assessment for claimants aged 18 years or over, who are in receipt of income for at least 12 weeks, and to reduce or cease to pay the allowance in accordance with their assessed income.

1 A control survey on the one-parent family payment is due to be published by the Department in 2026.

2 [Report of the Child Maintenance Review Group]

3 The Social Welfare and Civil Law (Miscellaneous Provisions) Act 2024 was signed into law in March 2024 and from the week commencing 4 June 2024, child maintenance is no longer included in the means-test. The Department is reviewing claims in payment to identify any actions required.

4 The JST3 annual return form for the jobseeker's transition payment was also suppressed.

13.50 The 2022 financial audit of Vote 37 found that the Department had not conducted any income assessments of claimants — the value of irregular payments could not therefore be established. On that basis, the audit found that the Department was not in compliance with its statutory responsibilities in operating the scheme.[1]

13.51 The Department stated in response to the report that it would consider implementing income testing for international applicants who are in employment. There were no income assessments carried out in 2023 or in the first half of 2024. The Department has introduced income testing for applicants with effect from June 2024.

13.52 Under scheme controls, new claims should be reviewed after eight to ten months, and a claimant only remains eligible if they are residing in a designated centre. The Department had stated it was no longer possible to enforce the residential condition in all locations, due to the unprecedented increase in applicants for international protection in recent years.

13.53 The Department previously reported that certain mitigating controls were put in place, including reviews undertaken locally where necessary, for example, where post is returned due to the claimant not being at their registered address; communication from claimants providing a different address; uncollected payments; and targeted reviews by location.

13.54 The Department has stated that in addition to the ad-hoc reviews referred to above, from July 2023, the Department of Justice provided a monthly list of asylum seekers who have been refused status, those that have been granted asylum and a list of those that have deportation orders. The Department stated that these lists are used to ensure that payment is only made to those who are eligible. Since May 2024, these lists are now provided on a weekly basis.

Conclusions

13.55 With scheme expenditure of €24.2 billion in 2023, even low levels of payments in excess of entitlements to welfare can amount to significant losses of public funds.

13.56 The level of irregular payments found by the Department through its ongoing programme of scheme-level control surveys continues to be material. Based on these findings, the audit reports on the 2023 appropriation account for Vote 37 Social Protection and on the 2023 financial statements of the SIF draw attention to the material level of irregularity of scheme payments.

13.57 The Covid-19 pandemic impacted the Department's ability to operate some of its normal controls over its schemes from 2020 to 2022. During the 2023 financial audit, the impact of the pandemic on the control environment was found to have been resolved, through a combination of the reinstatement of previous controls and the implementation of revised controls.

1 See *Report on the Accounts of the Public Services 2022*, chapter 13, Regularity of social welfare payments.

Annex 13A Categorisation of irregular payments

- **Suspected fraud** — where it is suspected that 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** — 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.[1] Where the last review of a claim was conducted more than five years previously (or three years previously for working age schemes), excess payment is categorised as an official error.

1 In some cases, claimant and official error can also result in claimants receiving less than they are entitled to (an underpayment).