

Chapter 35

**Department of Social Protection
One-Parent Family Payments**

One-Parent Family Payments

35.1 The one-parent family payment (OPFP) is a means-tested payment made to men and women who are caring for a child or children without the support of a partner, or with only limited support in the form of maintenance payments. Claimants must not be cohabiting.

35.2 At the end of 2009, around 90,000 families were receiving OPFP payments. Expenditure under the scheme in 2009 was over €1.1 billion. The average payment per family under the scheme amounted to around €2,500 a year, or €39 a week. This excludes payments under the Child Benefit scheme, and other benefits such as rent supplement which are payable to some families, depending on their circumstances.

35.3 The conditions around entitlement to OPFP are complex and present particular challenges to the Department in terms of designing and implementing effective controls over scheme payments

- claimants may have a certain level of income from diverse sources — e.g. from employment or from maintenance support — before OPFP is affected, and entitlements reduce as assessed means increase to a cut-off level
- there may be difficulty in determining the level of maintenance support that the non-claiming parent can or should provide for his/her family
- there is particular difficulty around establishing whether a claimant is cohabiting.

35.4 Any of these circumstances may change in individual cases over a relatively short period, resulting in changes in entitlements under the scheme, and considerable risks that the payments being made move out of line with current entitlements.

35.5 The OPFP scheme was established in 1997 and replaced the existing Lone Parent's Allowance and Deserted Wife's Benefit/Allowance schemes. The new scheme was originally administered centrally by Social Welfare Services Sligo. In 2003, the Department decided to devolve responsibility for administration of new scheme applications to its network of local offices which up to then had dealt mainly with Jobseeker schemes.

35.6 A staged roll out programme for OPFP was put in place. This involved provision of training for local office staff on the objectives and features of the scheme. Once training had been provided, local offices started processing new OPFP claims. Responsibility for management of existing claims is being transferred to the relevant local offices on a phased basis, as circumstances allow. By the end of 2009, around 63% of all current cases were being administered by local offices, with the balance continuing to be administered from the scheme's central office in Sligo.

Chapter Focus

As part of the financial audit of the 2009 Appropriation Account for the Vote for Social and Family Affairs, the management of OPFP claims in two local offices — Mullingar and King's Inns Street (Dublin) — was examined. The main aims of the examination were

- to verify, based on examination of a random sample of OPFP cases, that the payments made were correct and conformed to the scheme conditions
- to assess if the controls over OPFP are adequate, given the nature of the scheme, and that they are being applied as intended
- to confirm that where payments in excess of OPFP entitlements are detected, they are recorded as overpayment debts and are recovered to the maximum extent possible.

35.7 The King's Inns Street office commenced processing new OPFP applications in September 2004. At the end of December 2009, it was administering 1,637 cases, and a further 1,453 cases associated with the office's catchment area (Dublin city north) were identified for eventual transfer from Sligo. The Mullingar office commenced processing new OPFP applications in May 2005. At end-2009, it was administering 570 current payment cases. A further 788 claims are due to be transferred from Sligo.

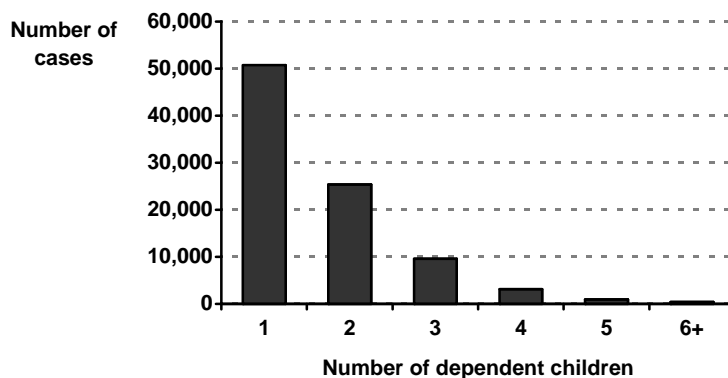
35.8 Audit work was carried out in the two selected local offices. Random samples of cases currently in payment and managed in the local offices were selected for detailed examination — 23 cases in Mullingar and 23 cases in King's Inns Street.

Claimant Profile

35.9 The number of recipients of OPFP increased from around 70,000 at the end of 1999 to around 90,000 at the end of 2009 — an increase of around 28% over 10 years. The majority of recipients of OPFP are women aged between 20 and 44 years — accounting for 86% of the total.

35.10 Around 150,000 children were recorded as living in family units in receipt of OPFP. 56% of recipients had one dependent child, and a further 28% had two dependent children. See Figure 166.

Figure 166 One parent family payment claims, by number of dependent children, end 2009



Source: Statistical Information on Social Welfare Services, 2009

35.11 At the end of 2009, 14% of the recipients of OPFP — around 12,600 families — were of non-Irish nationality.

Payment Levels

35.12 The maximum personal rate of payment for a claimant under the scheme in 2009 was €204 per week for the adult and €26 per week for each dependent child up to the age of 18, or up to the age of 22 if the child is in full-time education. These amounts may be reduced, depending on the level of assessed means of the applicant.

35.13 A claimant of OPFP who is separated, divorced or unmarried is required as a condition of the scheme to make appropriate efforts to seek maintenance from the other parent(s) of the dependent child(ren). Vouched housing costs of up to €5.23 a week (e.g. rent or mortgage) incurred by the claimant may be offset against any maintenance received, and half of the balance of maintenance support is assessed as means in establishing the rate of payment under the scheme.

35.14 Gross earnings from employment of up to €146.50 a week are disregarded from the assessment of means i.e. the full personal rates may be paid. Half of gross earnings between €146.50 and €425 a week are assessed as income, and the rate of payment is reduced accordingly. A person who earns more than €425 per week does not qualify for a payment²⁴⁹.

35.15 Claimants are required to inform the Department promptly of any change in their circumstances or means that might affect their continued entitlement to payments under the scheme. Increases in means/income must be notified to the Department within seven days.

Payment Method

35.16 Recipients of OPFP are paid by one of the following payment methods

- Electronic Information Transfer (EIT) — payable weekly in a nominated Post Office branch on presentation by the claimant of photo identity documents. Uncollected EIT payments are returned to the Department after 20 days, prompting claim reviews.
- Electronic Funds Transfer (EFT) — payments are credited directly to clients' bank accounts.

The choice of payment method is intended to accommodate different family circumstances e.g. where the claimant works full time.

35.17 In the samples of cases examined in the local offices in Mullingar and King's Inns Street, there was a significant difference in the methods of payment. In the former case, almost four out of five (78%) of the claims examined were paid by EFT. By comparison, just over one in four (26%) claims in the King's Inns Street office were paid by EFT.

35.18 Since late 2007, at the instigation of the Regional Manager, the policy in the King's Inns Street office is not to offer EFT as a payment option for OPFP except in exceptional circumstances. This decision was in response to evidence that some social welfare payments delivered to Irish bank accounts of clients were being electronically transferred to foreign bank accounts or were being accessed electronically from outside Ireland by clients no longer resident

²⁴⁹ There is provision under the scheme in certain circumstances for recipients of OPFP to continue to receive payments for up to six months (transition payments), if income from earnings increases above €425 a week.

here. The policy of restricting access to the EFT payment method was subsequently adopted in July 2008 across all regions for new OPFP claims.

Application of Take-on Checks

35.19 New applicants are required to complete a detailed application form, which must be submitted to the relevant social welfare local office, together with relevant supporting documentation. The form requires the applicant to declare personal means, including any maintenance payments received.

35.20 Applications are registered on receipt on the Department's ISTS system. The applications are initially checked for completeness and then are generally referred to a local social welfare inspector who is required to investigate the circumstances of the individual case relevant to the establishment of entitlement. The inspector may visit the claimant and/or the other parent(s) of the children to review the child dependency and maintenance arrangements. He/she then reports on the facts of the case. The inspector's report is taken into account by a deciding officer, who determines the entitlement to payment (if any). The deciding officer writes to inform the applicant of the decision made and the reasons for the decision, and initiates payment.

35.21 Claims may be decided in some cases without referral to an inspector. Where this occurs, the case should subsequently be sent for review by an inspector at an early date.

Completeness of Support Documentation

35.22 The review of current payment case files in the two local offices found that there were instances where one or more of the pieces of documentation required as evidence to support the amounts paid were missing or defective. These included cases where

- Applications had not been date stamped on receipt by the Department's staff (four cases in Mullingar, 12 cases in King's Inns Street).
- While copies of relevant supporting documents — such as bank statements — are required to be provided together with application forms, copies of relevant documents were not on file in eight cases (two in Mullingar and six in King's Inns Street) — instead, social welfare inspectors' reports indicated they had seen the relevant documents.
- Inspectors' reports were not on file in two cases in Mullingar — in both cases, the applicant had been living with parents at the time of application, but had subsequently moved to their own accommodation.
- There was no application on file in support of payments for additional children that had been added to claims in two cases in King's Inns Street.
- In one King's Inns Street case, the deciding officer's authorisation for payment was missing from the file and there was no evidence that the deciding officer had issued the notification of decision to the applicant.

35.23 In response to the audit findings, the Department has stated that

- Since the roll out of the OPFP administration to local offices, the vast majority of OPFP claims are made in person in the local office. The claim is registered there and then on the ISTS system and subsequently maintained on the system, not on the paper file. The computer record includes the date of registration (which is assigned automatically by the system) and the commencement date where different. In addition, the applicant supplies the date of birth of the child that is triggering the claim. While ideally the actual claim form should be stamped, the fact that it is taken in person and entered on the system as part of the taking of the claim is deemed to be the proper procedure.
- Where supporting documentation, such as statements of accounts at banks and other financial institutions, is furnished by clients during the course of home visits, the inspector confirms in writing that the document in question has been seen and makes a written record of its content. This report becomes part of the source documentation upon which the deciding officer relies in making a decision. This reflects both the role of the inspector and the impracticality of making photocopies of documents in clients' homes.
- In relation to both cases in King's Inns Street where there was no application form in support of additional children, the claimants had sent in the birth certificates of the newborn children with a letter or supplied other details by phone and the officers dealing with the cases felt that this would suffice. Ideally, the relevant claim form should have been completed in respect of both claims and steps are being taken to ensure that the form is completed in future for all such cases.
- In relation to the case file where the payment decision of the deciding officer was not recorded and the applicant was not formally notified about the outcome of the claim, a copy of the absent documentation will be placed on the claim.

Checks on 'Liable Relative' Details

35.24 OPFP claimants are required to declare who is the other parent (or parents) of their dependent children, and to supply their addresses, where known. The other parents are legally liable to contribute to the support of their families, depending on their means. Social welfare inspectors carry out investigations to locate these parents — referred to as 'liable relatives' — and where possible interview them, both to inform them of their legal obligations and to establish their capacity to provide support. Visits by social welfare inspectors may be carried out to the home addresses of 'liable relatives' to confirm their residency details and any maintenance arrangements, and as a check against the possibility that the parents are cohabiting.

35.25 Some claimants do not declare the identity of the liable relative, and some 'liable relatives' may live outside the State. In cases where it is not deemed possible to interview known 'liable relatives', a social welfare inspector is required to notify them, by post, that they have been associated with an application for OPFP and inform them of their maintenance obligations.

35.26 In the samples of cases examined on audit in the local offices, it was found that

- liable relative details were declared in 78% (36) of the cases examined — 16 out of 23 cases in Mullingar and 20 out of 23 cases in King's Inns Street.
- a total of 38 'liable relatives' were identified (two 'liable relatives' were disclosed in an individual case examined in each office)
- 87% (33) of the declared 'liable relatives' were stated to be resident in Ireland
- only in four cases did the file indicate that home visits to the 'liable relatives' were carried out — all of these were in Mullingar, no visits to declared 'liable relatives' had been carried out in King's Inns Street cases

- of 25 cases where liable relative addresses were known, written notifications regarding OPFP claim association and maintenance obligations had been issued in only five cases – four of ten cases in Mullingar, one of 15 cases in King’s Inns Street.

35.27 The Department has stated that in the past, visits by inspectors to the homes of ‘liable relatives’ were more commonly carried out. However, the ‘rate of return’ from these visits was negligible. Now, because of resource constraints, these visits are carried out only where there are prima facie indications that they will be worthwhile in terms of control and/or maintenance recovery. Given the pressures arising from the increasing Live Register and the associated increased inflows of Jobseeker claims, there is a requirement to strike an appropriate balance between claim processing and control activities. The control aspects must take into account the economic and social circumstances that prevail given the downturn in the economy and the changed labour market environment. In some cases, it is known that the declared liable relative is in receipt of a social welfare payment.

Maintenance Payments

35.28 The Department has established a Maintenance Recovery Unit, based in Carrick-on-Shannon. This aims to ensure payments by the ‘liable relatives’ of children living in OPFP families where they are in a position to provide maintenance support but are not doing so. Liable relatives earning more than €18,000 a year are assessed with maintenance liability. Certain categories of liable relative are not pursued due to personal circumstances or because they have low incomes.

35.29 The OPFP application requires the claimant to identify the liable relative(s) of the children and to indicate what maintenance payments, if any, are already being made. The Department’s procedures require the local office staff to send the relevant details to the Maintenance Recovery Unit. In cases where no maintenance payment is being made, the Unit seeks to trace the individuals concerned to assess their capacity to contribute towards the cost of the OPFP. The Unit issues a letter of determination setting out the amount of the contribution assessed.

35.30 In 2009, the Unit examined a total of around 13,200 cases and issued determination orders for the payment of maintenance in 2,170 cases (16%). Maintenance contributions totalling €51,000 collected directly by the Department were recorded as appropriations-in-aid of the Vote for Social and Family Affairs in 2009.

35.31 In the sample cases examined on audit, it was found that

- Details of ‘liable relatives’ and their maintenance arrangements had been sent to the Maintenance Recovery Unit in only 39% of cases in the Mullingar office (i.e. nine out of 23), even though liable relative details had been disclosed in two-thirds of the cases. Declarations had been sent to the Unit in 87% of cases in the King’s Inns Street office (20 out of 23).
- 19 of the ‘liable relatives’ identified (50% of the total) were recorded as making maintenance contributions in support of their families.
- Maintenance payments ranged from €20 to €85 a week in seven Mullingar cases and from €30 to €248 in twelve King’s Inns Street cases. These amounts had been taken into account in assessing the level of entitlement of the OPFP claimants.
- Of the remaining 19 ‘liable relatives’, only one had been determined to be in a position to make maintenance contributions, but was not actually doing so.

35.32 The audit found there was a difference in current practice between the Mullingar office and the King’s Inns Street office in relation to notifications to the Maintenance Recovery Unit. In

King's Inns Street, a report form (referred to as an LR3) is completed and sent to the Unit in respect of every OPFP award made, irrespective of the amount of information provided about a liable relative. In Mullingar, a form is only sent to the Unit where some details of the liable relative are available.

Payments in Excess of Entitlements

35.33 Large-scale fraud and error surveys undertaken by the Department in 2003 and again in 2007 found that adjustments to current payments were needed in more than a quarter of the randomly-selected cases examined. In some of these 'change' cases, increases in payments were required, but in most, the surveys found that the payments being made were in excess of claimants' entitlements. The results of the 2007 survey suggested that overall expenditure under the scheme was about 7.3% more than it should have been. This implies a loss to taxpayers in the region of €82 million a year at 2009 rates.

35.34 Review activity undertaken by the Department's staff is intended, where possible, to detect excess payment cases early and to stop or adjust the payment entitlement promptly. Where overpayments are detected, the Department seeks to recover the excess payments, where it is feasible and appropriate to do so. This may be through direct repayment by the claimant or by withholding amounts from ongoing entitlements.

Case Reviews

35.35 The Department reports that more than 74,000 case reviews were carried out on OPFP cases in 2009. This is equivalent to an average annual review rate of around 82%. Payment was stopped or reduced in an estimated 18% of the cases reviewed — around 13,100 cases. Control savings associated with these terminations/reductions were estimated at around €14 million²⁵⁰.

35.36 The forms of review of OPFP cases in 2009 included the following

- The Department originally administered OPFP claims on its PENLIVE system but subsequently transferred the information to its ISTS system. At the start of 2009, there were almost 22,400 OPFP claims still on the PENLIVE system and some 19,650 were transferred during the year, to leave a residual group of around 2,750 cases yet to be transferred at the year end. (The transfer was completed in 2010.) Each case transferred was formally reviewed as part of the transfer process, and this resulted in 510 claims being terminated and payments being reduced in 2,795 cases. This means that 17% of the cases transferred were receiving more than their entitlements under the terms of the scheme.
- A 'commencement of employment' data-matching exercise based on data provided by the Revenue Commissioners identified a total of 767 OPFP cases where the claimant had started work. On review, it was found that 43 of the claims should be terminated and 357 others reduced.
- A recipient of OPFP ceases to have entitlement to payments in the event that he/she marries. The General Register Office provides automated notification to the Department of all marriages registered in the State. This is used centrally in a data matching exercise allowing the managers of the OPFP scheme to identify undisclosed marriages of recipients.

²⁵⁰

In calculating savings, the Department applies a multiplier of 136 times the weekly payment in the case of terminated claims and 52 times the amount deducted in reduced payment cases.

35.37 The Department has stated that it is currently pursuing with the Department of the Environment, Heritage and Local Government the possibility of gaining access to information from a database of local authority tenancies and applications, with a view to data matching the information with OPFP claims. This could provide evidence of possible co-habitation or differences in addresses indicating possible changes to entitlements.

Periodic Self Declaration

35.38 The Department has a policy of requiring recipients of OPFP to submit a self-declaration return at least every two years. Declaration forms are issued to the home address recorded for each recipient. Entitlements are reviewed based on the information supplied and further investigations may be carried out by social welfare inspectors, if considered appropriate. Payments are terminated in cases where the return is not received by the due date or where the letter requesting the form to be filled out is returned unopened.

35.39 The audit found that declaration forms are issued every two years to recipients whose claims are administered from Sligo. Forms are issued annually from the Mullingar and King's Inns Street local offices. In three cases examined in the Mullingar office, the file indicated that self-declaration forms were overdue but payment was continuing. The Department has stated that it located the forms subsequent to the audit.

Recorded Overpayments

35.40 At overall scheme level, the Department formally recorded overpayment debts in respect of more than 1,500 OPFP cases in 2009 — equivalent to around one case in nine of the total where payment was stopped or reduced in the year. The total value of the overpayment debts recorded was €9.5 million.

35.41 Figure 167 gives a summary of the Department's classification of the circumstances giving rise to the recorded overpayments. The most frequent reason for recorded overpayments is the discovery of undisclosed means. A significant number of recorded overpayment cases was attributed to evidence that the claimant was cohabiting, or that his/her marital status had changed but not been disclosed. Between them, such cases accounted for two thirds of the value of overpayments recorded.

Figure 167 Recorded overpayments in OPFP cases, by reason, 2009

Reason overpayment arose	Number of cases	% of total	Value of overpayments recorded	% of total	Average value per case
			€000		€
Claimant cohabiting	206	13	5,056	53	24,540
Marital status changed	151	10	1,306	14	8,650
Undisclosed means ^a	595	39	1,541	16	2,590
No qualified child/paid beyond entitlement	123	8	540	6	4,390
Concurrent working and claiming	200	13	262	3	1,310
Absent from the state	40	3	249	2	6,220
Other reasons	219	14	596	6	2,720
Total (all reasons)	1,534	100	9,550	100	6,230

Source: Department of Social Protection

Note:

a Includes cases where means were found to have been under-declared when the claim was made, and cases where means increased afterwards and were not reported promptly to the Department.

35.42 Around 43% of the overpayments debts recorded in 2009 were attributed to deliberate fraud. 55% was attributed to error on the part of the claimants. Just over 1% was attributed to departmental error.

35.43 The audit also examined the sample of current payment cases to see what level of overpayments had been recorded and of the extent to which they had been recovered. The main findings of the examination are as follows

- Case files indicated there had been payments in excess of entitlements in 13 cases – seven in King’s Inns Street and six in Mullingar.
- Overpayments were recorded in two cases one of which was recovered in full and the other was found on audit not to have deductions from the current claim. The Department indicated that it would seek to agree a deduction with the claimant to repay the outstanding amount.
- A Jobseekers’ Allowance overpayment totalling €2,225 was recorded in another of the Mullingar cases examined. This arose because the Department established there had been ‘concurrent working and claiming’ in the period September 2003 to January 2004. Up to the time of the audit, none of the overpayment debt had been recovered from the current OPFP claim entitlements. The Department has indicated that the Mullingar local office was not aware of this overpayment and that the case will be examined to establish if deductions can be agreed as a means of repaying the debt.
- In a number of cases in both offices, OPFP payment levels had been adjusted ‘from a current date’ when it was discovered that income from earnings or maintenance payments were higher than previously declared, but the timing of the changes was not investigated and overpayments were not raised.

35.44 The Department has indicated that it will investigate the issues identified by the audit in relation to a number of individual cases and consider raising further overpayments.

Conclusion

Social welfare support was provided to around 90,000 families in 2009 under the OPFP scheme, at a total cost of some €1.1 billion.

There is evidence of a persistent and material problem of scheme payments being in excess of claimants’ current entitlements. Fraud and error surveys carried out by the Department suggest around 24% of claimants receive more than they should, and that an estimated 7.3% of the amount paid is in excess of claimants’ entitlements. If this level of excess payment applied to the scheme in 2009, the resulting loss to taxpayers in 2009 would have been in the order of €2 million.

Ongoing review activity carried out by the Department confirms the excess payment problem. In 2009, 18% of cases reviewed in a variety of initiatives were found to be paid more than their statutory entitlements and had their claims terminated or payment reduced. The Department estimated that this review work resulted in control savings of some €14 million.

Despite the high level of detection of excess payments, the rate of recording of OPFP overpayment debts is low. In 2009, just over 1,500 cases were recorded, with an aggregate value of €0.5 million.

Given the incidence and scale of the excess payments, the Department should

- carry out fraud and error surveys in relation to the OPFP scheme more regularly — every two years at least — or routinely include a sample of randomly-selected OPFP cases in the review programme for the scheme i.e. in parallel with targeted reviews
- report the results of ongoing review activity in terms of the impact on current payment levels, rather than on the basis of projected control savings
- monitor the cost of the review work that it undertakes in relation to OPFP, so that meaningful cost-benefit information is available to inform resource allocation decisions.

A claimant of OPFP is required as a condition of the scheme to make appropriate efforts to seek maintenance from the 'liable relative' (i.e. the other parent) of a dependent child. Based on the cases examined in the two local offices visited, the Department receives details of the 'liable relative' in a high proportion of cases and most are resident in Ireland. Few of the case files reviewed indicated that social welfare inspectors had carried out visits to the homes of the 'liable relatives' either to verify their place of residence or their maintenance obligations.

Maintenance payments were recorded as being paid in 50% of cases examined in the two local offices with the level of support recorded varying from €20 to €48 per week. The Maintenance Recovery Unit deals mainly with new claims but, since financial circumstances may change over time, there may be a case for referring existing claims to the Unit for assessment.

Chapter 36

Department of Health and Children

National Treatment Purchase Fund