



An Roinn Gnóthaí Fostaíochta
agus Coimirce Sóisialaí
Department of Employment Affairs
and Social Protection

Compliance & Anti-Fraud Strategy 2014 – 2018

Annual Report 2018

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Minister's Foreword

This is the fifth and final annual report on the activities of my Department under the Compliance and Anti-Fraud Strategy 2014-2018. The report outlines how the Department performed during 2018 in pursuing its goals of reducing incidents of non-compliance across social welfare scheme payments.

The work of the Department impacts almost every household in the country. Each year, the Department processes in excess of 2.5 million applications and issues about 87 million payments to 2.2 million customers and their families. The vast majority of people who are supported by the Department claim and receive payments to which they are legitimately entitled. However, to protect the integrity of the system and target resources at those most in need, we must continue to take all steps to combat social welfare fraud and error.

The 2014 – 2018 Strategy ensured that we had a clear and strategic approach underpinning the work of the Department in tackling social welfare fraud and error. Some key achievements in this regard in 2018 include:

- Over 742,000 control reviews were carried out which yielded control savings of over €556 million;
- Over €81 million in overpayments were recovered; and
- Over 430 cases of suspected fraud and other offences were considered for prosecution.

Since this report covers the final year of the current Strategy, it also includes a summary of the outputs achieved over the lifetime of the Strategy. These include:

- Over €2.5bn in control savings recorded;
- Over €400m in overpayments recovered; and
- Almost 1,500 cases referred for prosecution.

These achievements highlight the effectiveness of the strategy employed by the Department over the last five years and many elements of this will be used as a basis for a new strategy, which is currently being finalised, for the next 5 years.

I believe that this report will reassure taxpayers that we operate an effective system of fraud prevention and detection – nothing less is acceptable given the scale of resources that my Department spends annually. Having an effective system in place remains a priority for the Department and for Government as a whole.

Regina Doherty T.D.

Minister for Employment Affairs & Social Protection

Introduction

The Department of Employment Affairs and Social Protection provides a wide range of services to families, people in employment, unemployed people, people with illnesses and disabilities, carers and older people across the State. The Department continued to expand its services in areas such as youth employment, pensions and supports for jobseekers during 2018.

SCALE OF SERVICES

The Department delivers services through over 70 separate schemes and programmes. These include services delivered directly to people and families and others delivered in partnership with third party organisations, other Government Departments and State agencies. The scale of the operations and the extent of annual expenditure (in excess of €20.3 billion in 2018 or approximately one-third of total Government spending in the year) demand that control and anti-fraud measures are in place to protect the monies entrusted by the taxpayer and authorised by the Oireachtas.

Our obligation can be summarised as ensuring that the correct person receives their correct entitlements at the right time. Achieving this requires that safeguards are in place. These secure our payment systems, detect possible fraud and error and prevent possible fraudulent claiming. Where we find fraudulent claiming, we vigorously pursue those who offend to ensure the funds are returned and that the most severe cases are brought to the attention of the Courts.

OUR ANTI-FRAUD STRATEGY

[The Compliance and Anti-Fraud Strategy 2014-2018](#) sets out the Department's overall strategic approach to tackling fraud and abuse of the social welfare system. Under the Strategy, the Department has outlined a range of measures to detect and prevent fraud from entering the welfare system. This is allied to more effective debt management and recovery and the establishment of deterrence measures. As part of these measures, the Department continues to utilise a range of approaches to enhance and improve how it undertakes its work to deliver on these objectives.

FUTURE CONTROL STRATEGY

The Department is finalising the drafting of a new Control Strategy for the period 2019-2023. The new strategy will be informed by:

- An analysis of outcomes and activity data generated from current actions;
- Evaluation of relevant research and reviews of critical areas and control surveys;
- Input from specialist staff within the Department; and

- Consultations with stakeholders including staff members, other Government Departments and NGOs.

The Department aims to have the new strategy in place by the end of June 2019.

OUTPUTS FOR 2018

This report provides an overview of implementation of the Strategy, the work undertaken to date, the work that is currently in progress and the key outcomes achieved in 2018. The main outputs for 2018 are summarised in Figure 1 below. Targets for 2019 are set out later in this report.

FIGURE 1: OUTPUTS FOR 2018

- Over 742,000 reviews of claims, inspections and investigations were undertaken.
- Control savings recorded totalled just over €556 million – the annual target of €520 million was exceeded¹.
- Overpayments of benefit and assistance on individual cases amounted to €107.9 million² over the course of the year.
- Repayments of over €81 million were made in respect of overpayments raised during 2018 and previous years.
- In total 361 cases were considered for prosecution under social welfare legislation. A further 74 cases were sent to An Garda Síochána for investigation and consideration by the Director of Public Prosecutions (DPP) under criminal justice legislation. At the end of 2018, there were 484 cases within the court process at various stages of the prosecution process.
- The results of the Carers Allowance control survey were published during the year. A survey of State Pension (Non-contributory) was also completed during 2018 and published in January 2019. Work continues on a number of other surveys which will be published during the course of 2019.

¹ Control savings are the estimated value of erroneous or fraudulent claims detected as a consequence of control activity. The value is estimated to take account of past sums paid and future sums avoided.

² €58.7m arose due to new facts and/or evidence, €29.7m was due to suspected fraud, a further €15.2m to estate cases and the remaining €4.3m due to official error.

Control Environment

IMPACT OF ECONOMIC CHANGES

The recovery in the Irish economy continued during 2018 with GDP growth of 6.7%³. Despite concerns about the UK leaving the EU and other global factors, growth is expected to continue in 2019 and 2020. Further gains in employment are expected to lead to future reductions in the unemployment rate and a reduced number of claims in payment for jobseekers benefit and assistance.

Consumer sentiment continues to improve and the financial position of many households is improving and will improve further over the coming year.

Demographic changes mean that we continue to see an increase in pensioner numbers as the population ages. Increasing claim loads in these areas are balanced somewhat by a reduction in the supports needed by jobseekers as the labour market continues to recover. These positive factors continue to impact on the work of the Department and on the environment in which control work is undertaken.

FIGURE 2: CONTROL ACTIVITY – CHILD BENEFIT

In 2018, Child Benefit was paid to 628,000 customers in respect of 1.2 million children at an annual cost of approximately €2.1 billion. During 2018, eligibility checks were made on 348,000 children. It was found that the payment should no longer be made in respect of 8,000 children, with the main reason being that they were no longer resident in the country. Control savings in respect of these payments avoided amounted to €59.6 million, including €4.3m in overpayments which are being followed up.

CONTROL FOCUS

The implications of this positively changed environment for the control work of the Department are reflected in the work undertaken over the course of 2018 and in our focus for the future.

³ [ESRI Quarterly Economic Commentary, Spring 2019](#)

A general improvement in earnings has an impact on schemes where means are a determining factor in deciding eligibility and the rate of payment. Earnings can fluctuate rapidly, impacting on supports to those who have recently returned to work.

A more robust labour market leads to a shift in the claim-load balance from shorter to longer-term schemes. Modern forms of work entail remote and mobile working and may involve less certainty around hours, standard working weeks along with increased earnings variability. New technologies and innovation continue to revolutionise the way employees work and think about work.

This evolving environment presents challenges to the Department in how it responds and how it must focus its control and anti-fraud activities to meet emerging and future threats. Examples of the types of fraudulent activities investigated by the Department during 2018 are shown in Figure 3 below.

FIGURE 3: EXAMPLES OF FRAUDULENT ACTIVITIES INVESTIGATED DURING 2018

- A customer was claiming Disability Allowance for 2 years despite mainly living abroad. When confronted with the evidence, the customer admitted the offences. As a result of this fraud, the customer was overpaid by €12,173 which is currently being repaid. To date €5,000 has been recovered. The customer was prosecuted and fined €400. The court undertook to monitor the repayment of the debt.
- A customer was claiming Farm Assist but had not disclosed that they owned a second property which they were renting out to tenants. This resulted in an overpayment of €32,953, of which €20,000 has been repaid to date, with the balance being recouped on a weekly basis. The customer entered a guilty plea in court and was fined €250.
- A customer was claiming Jobseekers Allowance while working 5 days per week despite telling the Department they were only working 2-3 days per week. They were fraudulently altering forms which had been signed correctly by their employer. The customer fraudulently received €26,146 which is currently being repaid. The case was prosecuted and the Judge adjourned it to monitor repayments of the debt.
- A one year jail term was imposed on a person for continuing to claim Jobseekers Allowance for four years after they found a job. The customer was paid a total of €27,300 to which they were not entitled. The customer repaid €7,700, leaving an outstanding balance of €19,600 at the time of the court case.

We develop our responses in a number of ways, including through continued collaborations with both domestic and international partners, joint operations with other agencies, and the sharing of data and expertise.

Control Effort

Our control efforts are proactive and focus on three aspects: prevention, detection and operational response.

PREVENTION OF FRAUD AND ERROR

We attempt to prevent situations arising where a person can gain access to a benefit by making a fraudulent claim for support. These claims are often supported by false and/or misleading information or documentation.

The actions we take require all applicants, in the first instance, to provide proof of their identity to our staff. This is done by asking the applicant to verify their identity to our satisfaction through the SAFE registration process and issuing them with a Public Services Card (PSC). The SAFE registration process establishes and fully authenticates a person's identity and allows them to access a range of services from the Department and other public services in an easy and safe manner. The PSC is a vital tool in preventing multiple identities being used to access schemes and payments.

The next step is to validate and verify the information provided by an applicant. A range of verification processes are employed across the Department. We require original documentation to be provided and we cross-check details supplied with information already held within the Department or with another public body.

A person who is already in receipt of a payment from the Department is obliged to report any change in their lives or circumstances that could mean that the level of payment should be changed. Where a change in circumstances would mean a lesser payment, the customer may, in some cases, be reluctant to report it in a timely fashion. The consequence can be an accumulated overpayment that will have to be recovered over an agreed period of time. Individual scheme areas have policies in place that ensure that frequent enquiries are made of customers to provide an update of their circumstances. These are referred to as "control reviews" across this document.

Another aspect of our prevention approach is to help customers avoid errors when making claims. This is achieved through the provision of clear and understandable information in publicity campaigns, information leaflets, on the Department's website and through the assistance provided by Department staff. The Department is committed to the use of plain English as part of the Government's Public Service Reform agenda.

Mistakes can also be made by Departmental staff in determining the correct level or rate of payment to be made. However, these represent the smallest share of overpayments in any year. These are addressed through on-going training, mentoring and quality assurance checks, IT system enhancements to reduce the scope for error as well as internal information briefings and awareness programmes.

DETECTION ACTIVITIES

The Department has a variety of tools at its disposal to detect instances of error or suspected fraud within the welfare system. These include, but are not limited to the following:

Special Investigation Unit (SIU) - This Unit is staffed by experienced, trained and dedicated teams of investigating officers, including officers seconded from An Garda Síochána. These officers have wide-ranging powers of investigation and work in collaboration with other public bodies and law enforcement agencies in Ireland, Northern Ireland and overseas.

EXAMPLE 1 – SPECIAL INVESTIGATION UNIT (SIU)

In December 2018, after an investigation by the SIU, a customer in the North East of the country was convicted of social welfare fraud and sent to prison for six months. The charges related to a series of claims for Jobseekers Allowance which had been fraudulently made by the defendant through providing false or misleading information in their application. The amount overpaid was almost €18,000 and this is being repaid at a rate of €400 per month.

Social Welfare Inspectors - These are specially authorised officers of the Department under the Social Welfare Acts who investigate and review both new and existing applications for benefits and assistance.

Control Reviews - Each year, the Department reviews a number of claims across all its schemes and programmes to confirm ongoing eligibility. Claims are reviewed using a risk-based approach, as well as random sample checks. Over 742,000 control reviews were undertaken in 2018.

Data-Matching - Data on social welfare payments is systematically and periodically matched against other data sources. This includes data received from external bodies and agencies to identify inconsistencies in information provided to the Department by persons making or re-establishing an entitlement. Information is only exchanged in line with the appropriate legislative provisions.

Publicity - The Department takes every opportunity to remind claimants to report changes in their circumstances and of the need to ensure that the information held by the Department is current. This involves the issue of frequent review requests, publicity campaigns, and customer information provided when making an application.

Reporting of suspected welfare fraud by the public - Using the Department's [confidential facility](#), members of the public are encouraged to report concerns they might have about the bona fides or fraudulent nature of social welfare payments. Over 15,000 reports were processed by the Department during 2018.

Control surveys - These are targeted surveys of a random sample of claims in payments on selected schemes. The methodology and outcomes allow the Department to identify both the risks with scheme operations and the steps that are necessary to address any control weaknesses. This allows for better management or elimination of the risk of fraud in the future. The results of the Carers Allowance survey were published in 2018. A survey of the State Pension (Non-contributory) scheme was also completed in 2018 and published in January 2019. More details of the surveys are set out on pages 17-18 of this report.

Targeted investigations - These are based on predictive analytics techniques which focus on certain schemes including jobseekers, one-parent family payment and disability allowance. The analytics techniques help to increase the detection rate of non-compliant claims and allow for the better targeting of investigative resources.

OPERATIONAL RESPONSE

Where cases of suspected fraud or error are found, the Department will respond appropriately to recover any monies incorrectly paid out and to pursue those found to be guilty of serious wrongdoing.

Recovery of overpayments - Where an overpayment occurs, the Department seeks to recover the full value by deducting instalments from on-going weekly payments or requires direct payments to be made where a social welfare payment is no longer in place. , Where a person is no longer in receipt of a social welfare payment, the Department has powers to seize funds held in financial institutions and to attach an order to a person's earnings to recover an overpayment.

FIGURE 4: MEANS-TESTED SCHEMES WHICH REPAY THE MOST

People who were overpaid State Pension (Non-contributory) made repayments of over €24.6 million to the Department during 2018. This was the scheme where the highest value of repayment was made in the year. Another scheme where repayments were high was the means-tested Jobseekers Allowance scheme, where just under €19.4 million in repayments were made to the Department in 2018.

Prosecutions - The Department may prosecute a person where there is evidence that social welfare offences or possible fraud has been committed. Some 484 cases were in the court system at the end of 2018.

Focused projects - Specific projects are undertaken from time to time to target new and emerging forms of fraud or to identify trends across scheme areas. These can relate to matters such as ensuring that a person in receipt of a payment from the Department is resident in the State and identifying online trading and identity fraud.

REVIEWS OF ENTITLEMENTS

The Department conducted over 742,000 claims reviews during 2018 across a wide range of schemes. Reviews consisted of desk-based assessments of customer claims, face-to-face interviews with customers by trained investigators, home visits, audits of employers' PRSI records, specialist investigations, self-declarations by customers, joint enquiries with other state agencies and joint operations with Revenue.

Reviews arise from both targeted and random case selections and where specific information comes to the attention of inspectors. Targeted investigations are generally based on factors such as where a person or their spouse is earning income or has income from other sources. The person is under a legal obligation to report any change in their circumstance (income or means) to the Department. Factors may also include issues such as the time elapsed since a previous review was undertaken and where information is received from other agencies or members of the public.

Arising from this work, a total of over €556 million in control savings were realised in 2018, nearly €62 million of which was accounted for by the work of the Special Investigations Unit (SIU). Control savings represent the value of prevented expenditure over a future period that would have been incurred if investigative, anti-fraud and control work had not been carried out across the range of schemes administered by the Department. They are used as a performance indicator for year-on- year activities. Overpayments assessed during this work are included in the control saving measure.

A breakdown of the figures across social welfare schemes is set out in Table 1.

Table 1: Control Savings Recorded by Scheme in 2018

Scheme	Number of Reviews	Control Savings €m
Jobseekers⁴	150,732	187.5
Illness related payments	33,175	45.0
Pensions including household budget	49,160	67.8
One Parent Family Payment	63,538	63.1
Widow(er) and Guardians payments	14,525	15.8
Carers payments	2,905	12.5
Child Benefit	349,552	62.9
Working Family Payment	51,260	69.9
Supplementary Welfare Allowances	24,715	25.3
Employer related PAYE/PRSI inspections	2,703	6.4
Total	742,265	556.2

⁴ Includes Back to Education Allowance, Back to Work Enterprise Allowance and Farm Assist schemes

REPORTS OF SUSPECTED FRAUD FROM THE PUBLIC

Reports of suspected fraud from members of the public are an important source of information to the Department in its efforts to deter and detect fraudulent activity.

FIGURE 5: REPORTS OF SUSPECTED FRAUD FROM THE PUBLIC

- 15,248 reports were processed by the Department over the course of 2018.
- Of these, 11,914 (78%) were received online via the Department's website, 2,358 (15%) by phone and the balance were received by post.
- The highest proportion of reports related to persons who were said to be claiming a payment and working at the same time.

Of reports received during 2018, 67% contained sufficient information to warrant concern. These reports were sent for further examination by specialist staff and social welfare inspectors.

The remaining 33% of reports were not pursued further. This can happen because the reports do not have enough detailed information, no claim was in payment as alleged, or the information reported did not impact on the customer's entitlement to their payment.

EXAMPLE 2 - REPORT OF SUSPECTED FRAUD FROM A MEMBER OF THE PUBLIC

A report was received stating that a customer in receipt of Back to Work Enterprise Allowance (BTWEA) was living abroad. The customer's initial BTWEA business was based in Dublin and there was no evidence that it was still up and running. Further research, including extensive online evidence, showed that the customer had an ongoing business in another country and had secured an enterprise grant there. The BTWEA was suspended. The customer came back to Ireland months later and was interviewed. The customer initially attempted to deny what had been uncovered, but then confirmed that it was true. The customer failed to supply any of the requested documentation or to co-operate further. The BTWEA claim was stopped and an overpayment of €6,000 was assessed and is being pursued.

There are many situations where information provided about a person to the Department may not require further investigation and may already be known to the Department. Given the nature of the Department's schemes, there are a number of situations where a person will have an entitlement to income support while working or engaging in training, education or other activity or where their work is of a casual or part-time nature.

A person may also receive financial support from the Department when returning to work - and while remaining in work - under schemes such as Working Family Payment (formerly

Family Income Supplement) and the Back to Work Family Dividend.

SPECIAL INVESTIGATIONS UNIT (SIU)

The Department's Special Investigations Unit (SIU) carries out a wide range of control activities and projects to investigate suspected social welfare fraud. In particular, it concentrates on the hidden economy and on sectors where social welfare fraud is most prevalent, with an emphasis on direct intervention and engagement. Some of the outcomes achieved in 2018 by the SIU are outlined in Figure 6.

FIGURE 6: SIU OUTCOMES IN 2018

- Control savings of over €62 million were generated from the Unit's control and anti-fraud activities;
- Some 3,500 case investigations resulted in social welfare payments being stopped or reduced and 1,253 cases where overpayments were detected.
- 74 cases were sent to An Garda Síochána for further investigation before being referred to the DPP for consideration to prosecute under the Criminal Justice (Theft and Fraud Offences) Act 2001.
- 361 cases were considered for prosecution by the Department with 101 cases recommended to the Department's Central Prosecution Service for consideration to prosecute for social welfare offences.

EXAMPLE 3 - CLAIMING WHILE LIVING ABROAD

An individual was convicted in court of 37 charges of theft under Section 4 of the Criminal Justice Act involving the sum of €97,450. This was paid to the individual in respect of Disability Allowance while residing outside the country. Two charges under Section 251(1) of the Social Welfare (Consolidation) Act were also proven. The individual pleaded guilty to the offences and repaid the full amount to the Department. The court imposed a prison sentence, which was suspended on condition that the individual be of good behaviour for a period of six years and enter into a bond to this effect. The fact that the overpayment debt was repaid was taken into account by the judge in suspending the prison sentence.

The Unit concentrates on sectors where social welfare fraud is most prevalent and works in co-operation with other anti-fraud authorities, domestically and internationally, and with An Garda Síochána.

There are currently a number of Gardaí working on secondment to the SIU. These officers are helping to ensure the effective investigation of social welfare fraud. A Memorandum of Understanding was signed in late 2018 between the Department and An Garda Síochána setting out the roles and responsibilities of the members on secondment.

INTERAGENCY COLLABORATION

The Department has formed strategic alliances and developed mutual assistance agreements with a range of enforcement and compliance agencies to enhance operational efficiency.

Interagency collaboration with the Revenue Commissioners to prevent and detect social welfare fraud and tax non-compliance remains a key priority. To this end, a High Level Group comprising senior officials from this Department (DEASP) and Revenue continues to prioritise and progress issues of mutual strategic interest.

At operational level, there is structured and ongoing liaison between both organisations through the operation of the Joint Investigations Units (JIU) comprising personnel from Revenue and the Special Investigation Unit. The emphasis of these investigations is on direct intervention, high visibility activity and direct engagement.

EXAMPLE 4- JOINT INVESTIGATION

In October 2018, a joint operation was organised by the SIU and JIU to carry out a number of inspections on a large construction site in Dublin. Some 149 workers were interviewed, mostly made up of sub-contractors to the main contractor. Social welfare issues identified on the day included persons who were (i) working and signing, (ii) being paid as a dependent on a spouse's claim and/or (iii) had not declared earnings. These issues are being actively followed up.

Department investigators work closely and collaboratively, on an ongoing basis, with other agencies such as the Workplace Relations Commission and the Irish Nationalisation and Immigration Services. They undertake joint projects and pool knowledge and intelligence on emerging areas of fraud activity.

The Department is actively engaged in data-sharing arrangements with other bodies, as provided for under the appropriate legislation. Such sharing supports better control and anti-fraud activity and only occurs under strict data-sharing arrangements

CROSS BORDER CO-OPERATION

The Department co-operates with the Department of Work & Pensions in the UK and with the Northern Ireland Social Security Agency on mutual fraud investigation matters, both strategically and operationally.

There is on-going co-operation on processing requests for information to validate the entitlements of citizens of the UK and Northern Ireland in accessing schemes in this State and, vice versa, for Irish nationals in the UK and Northern Ireland. Data to combat identity fraud and cross-jurisdictional claiming is also exchanged.

EXAMPLE 5 – PROPERTIES ABROAD

A customer who defrauded the Department of nearly €17,000 over a 12 month period between June 2017 and June 2018 was sent forward for sentencing to the Circuit Criminal Court after they pleaded guilty to 12 counts of theft.

The person had failed to inform the Department that they had two properties in the UK and had been travelling between Ireland and the UK to claim social welfare and only stayed in Ireland for a few days at a time. The overpayment has now been repaid in full and sentencing is due shortly.

Specific legislative provision is in place to facilitate the transfer of data between participating cross- border agencies. In this regard, information exchanges are systematically undertaken which include:

- Information relevant to UK pensioners permanently resident in Ireland; and
- Data relating to life events recorded by the General Register Office in this jurisdiction.

SAFE Registration/Public Services Card

The Department's SAFE registration process offers significant protections against welfare fraud using a robust identity registration process involving documentary evidence, background database checks, face-to-face questioning and facial image matching.

During the SAFE process, the use of multiple or fraudulent identities can be detected. This involves comparing the photograph captured during the registration process with all photographs held on the Department's database. Where a match or a potential match is identified, an investigation is undertaken. This gives an enhanced level of assurance and is a key tool in preventing and detecting identity fraud.

In 2018, 32 cases of suspected identity fraud were referred to the SIU for investigation. Of the 32 cases, 2 have been finalised in court, 2 cases are in the legal process and 28 cases are at various stages of the investigation process. Up to the end of 2018, a total of 204 suspected identity fraud cases had been detected and referred to SIU, with 188 detected over the lifetime of the strategy in the period 2014-18.

EXAMPLE 6: USE OF MULTIPLE IDENTITIES

In January 2018, a three and a half year custodial sentence was imposed at Dublin Circuit Court. The individual concerned had used two identities to accumulate over €175,000 in social welfare payments including Jobseekers Benefit, Back to Education Allowance, Rent Supplement and Supplementary Welfare Allowance over a 12 year period. The fraud came to light in 2015 when the person was invited to be SAFE registered and the Department's systems matched the person's photograph to the other identity which the person had been using to claim social welfare payments.

PREDICTIVE ANALYTICS

Data analytics modelling enables the risk profiling of individual records using large datasets and developing models designed to increase the detection rate of non-compliant claims.

At the end of 2018, there were predictive models in operation for both One-Parent Family Payment (OFP) and Disability Allowance (DA) schemes. The OFP model was put into production in January 2016. Some 2,700 OFP cases were identified for investigation in 2018 and the model continues to perform well. The DA model was put into production in September 2016. Over 2,000 DA analytics cases were issued for investigation in 2018.

The Department has also developed a business rules model for jobseekers' payments. In 2018, some 10,000 cases were selected for investigation using the rules-based approach.

A risk-based model has also been developed for the Farm Assist Scheme. Almost 400 such cases were referred for review in 2018.

A risk-based model has also been developed for the State Pension (Contributory) scheme with some 1,250 qualified adult cases identified for review of entitlement since October 2018. Initial results are positive with a high detection rate recorded, as set out in Example 7 below.

EXAMPLE 7 – RISK-BASED REVIEWS OF STATE PENSION (CONTRIBUTORY)

Risk-based reviews of the qualified adults of State Pension (Contributory) recipients have generated over €1.7m in savings, since they were introduced in October 2018. This figure is expected to rise as more reviews are completed. The risk-based model allows an efficient approach to the selection of cases for review, thereby reducing processing time and increasing savings. On the back of the initial success of the analytics approach, this risk-based model will be used as the primary method to select qualified adult cases for review in 2019.

A specific analytics database for the SIU has also been developed to facilitate the Unit in the creation of highly targeted and focused projects. The SIU database generated savings of €1.4 million in 2018.

Overall, analytics cases yielded control savings of over €20m in 2018.

CONTROL SURVEYS

Control surveys identify the level of risk associated with particular schemes. The surveys involve reviews of a random sample of claims in payment (usually a sample size of between 600 to 1,000 claims) to establish if the claimants are entitled to the payments they are receiving and, if so, whether the correct amounts are being paid.

The outcomes allow the Department to identify risks with the operation of schemes and improve controls so as to better manage or eliminate the risks identified.

A Control Survey of Carer's Allowance was published in October 2018. Carer's Allowance is a means-tested payment for people who provide full-time care and attention to another person. For the survey, 600 randomly sampled claims in payment at the end of May 2017 were reviewed to assess recipient's compliance with the rules of the scheme.

The estimated rate of error for the scheme as a whole was 6.7% of total expenditure, equivalent to €0.9 million of the €14.0 million weekly expenditure in May 2017.

A Control Survey of State-Pension (Non-Contributory) (SPNC), with a sample of 1,000 cases, was also completed in 2018, with the results published in January 2019. The survey found that the Net Loss to Government for SPNC was 3.1% of total expenditure, equivalent to approximately €0.6 million per week.

Net Loss to Government refers to the final incorrect benefit excluding recoveries rate established by the survey (*5.4% in the case of SPNC*), minus the value of overpayments actually recovered (*2.3% in the case of SPNC*). All surveys will be reported in this manner from now on.

The survey reports are available on [the Department's website](#).

DATA MATCHING

Section 261 of the Social Welfare (Consolidation) Act 2005 contains legislative provisions that allow for the specific sharing of data between the Department and other Government bodies. This provides that information held by any Department, public body or agency that might be useful to the Department for the determination of entitlements and deterring or prosecuting wrongdoing (including the collection of employment and self-employment contributions by the Revenue Commissioners) may be transferred to the Department.

EXAMPLE 8 – DATA MATCH

A customer in receipt of Jobseekers Allowance (JA) had their claim reviewed as a result of information received from the National Transport Authority. It was established that the customer had not declared their income as a taxi driver.

An SIU investigator interviewed the customer in October 2018 and then submitted a report which indicated a full review of the JA claim was required. This resulted in a reduction in the weekly JA payment and the assessment of an overpayment of €3,500, which is currently being repaid.

Some of the more extensive data sharing arrangements are undertaken with the Revenue

Commissioners. These arrangements are overseen by a group of senior officials drawn from both bodies (the High Level Group referred to earlier in this report) and by a Memorandum of Understanding between the two organisations.

Debt Recovery

The Department actively pursues overpayments and works to secure repayment of any funds overpaid to customers for whatever reason. Overpayments can take a number of years to be fully recovered and the Department is obliged by law and is willing to take into account the personal circumstances of the person in determining the amount of money they can repay so as to ensure that their living needs are met.

OVERPAYMENTS RAISED IN 2018

In overall terms, new overpayments of some €108 million were raised in 2018, a slight decrease compared to 2017. This represents 76,700 separate cases and the average value of these overpayments was €1,400. The total value of overpayments, as a percentage of total programmes/scheme expenditure in 2018, was of the order of 0.5%.

The value of overpayments attributable to suspected fraud fell to €29.7 million in 2018 from €38.4m in 2017– a decrease of some 22%. This can be partly attributed to the Department's continued focus on ensuring that customers are aware of their responsibilities to report any change in their circumstances in a timely manner and to on-going staff training.

Table 2: Value of overpayments recorded by category: 2013 to 2018

	2013 €m	2014 €m	2015 €m	2016 €m	2017 €m	2018 €m
Suspected Fraud	61.9 (49%)	52.5 (42%)	49.0 (42%)	41.0 (37%)	38.4 (34%)	29.7 (27%)
Customer Error	43.6 (34%)	49.8 (40%)	46.0 (40%)	46.7 (43%)	56.4 (51%)	58.7 (54%)
Estate cases	15.0 (12%)	17.1 (14%)	17.4 (15%)	20.0 (18%)	14.4 (13%)	15.2 (14%)
Official Error*	6.7 (5%)	5.0 (4%)	2.9 (3%)	2.3 (2%)	1.8 (2%)	4.3 (4%)
Total	127.2	124.4	115.3	110.0	111.0	108.0

Table 3: Number of overpayments recorded by category: 2013 to 2018

	2013	2014	2015	2016	2017	2018
Suspected Fraud	27,489 (32%)	27,437 (30%)	21,407 (26%)	16,225 (21%)	10,467 (15%)	7,766 (10%)
Customer Error	49,693 (59%)	56,975 (62%)	55,536 (68%)	54,674 (71%)	54,509 (80%)	55,780 (72%)
Estate cases	464 (1%)	477 (1%)	499 (1%)	615 (1%)	517 (1%)	764 (1%)
Official Error*	7,056 (8%)	6,044 (7%)	4,157 (5%)	4,965 (7%)	2,565 (4%)	12,390 (16%)
Total	84,702	90,933	81,599	76,479	68,058	76,700

*In relation to official error, it should be noted that these cases arise where a Deciding Officer has incorrectly applied legislation, or incorrectly calculated the rate payable, or failed to act on information received from a claimant that disqualifies or reduces the value of the claim. In general, overpayments will not arise where official error is determined. Intensive training for Deciding Officers under the OneDEASP initiative continues to be rolled out to ensure that the rate of official error is reduced and minimised to the greatest extent possible.

EXAMPLE 9 – NOTICE OF ATTACHMENT APPLIED

A person was claiming a One-Parent Family Payment and was overpaid for a period of 4 years amounting to over €25,000. The overpayment resulted from the fact that the person did not disclose an increase in their means/earnings. The person was notified in writing of the reasons for the overpayment and the value involved and was requested to engage with the Department to agree a repayment plan but failed to do so. Following careful consideration of the specific circumstances of the case, the Department issued an Attachment Order to the person's employer. Under the terms of the Order, deductions of €165 are being paid directly to the Department from the person's earnings to off-set the debt. These will continue until the full amount is repaid.

DEBT MANAGEMENT

By the end of 2018, in terms of value:

- €40.2m or 37% of the overpayments raised in 2018 had been repaid in full (2017: €342.1m, 38%);
- Repayments are being made on €26.5m or 25% of the overpayments (similar to 2017 figures)
- €32.3m or 30% are pending recovery – broadly similar to 2017 figures of €30.7m (27%); and
- Approximately €8.9 million (8%) of cases remained subject to appeal and other review processes at the year-end – a decrease on the 2017 figures of €12.5m and 11%.

Table 4: Value of overpayments recovered: 2013 to 2018

Year:	2013 €m	2014 €m	2015 €m	2016 €m	2017 €m	2018 €m
Recovered:	70.7	86.3	82.5	82.0	81.0	81.0

At the end of the year, almost 55% of the 76,700 individual overpayments raised in 2018 had been repaid to the Department and repayments were being made on a further 19%. The remaining overpayments are pending recovery and include new cases which occurred near the end of the calendar year, where recovery had not commenced by year-end, or cases which were still subject to ongoing appeal or review processes.

ESTATE CASES

The personal representative of a deceased person, who had been in receipt of a social assistance payment at the time of their death, is obliged to seek advance clearance from the Department before distribution of any assets. Overpayments of social welfare payments, mainly State Pension (Non-contributory), were made in respect of 764 deceased customers in 2018, valued at €15.2 million.

At the end of 2018 of the 764 cases:

- 488 (64%), valued at €10.3 million, were repaid/settled in full;

Of the remaining 276 cases, valued at €4.9 million:

- 22 (3%) cases with overpayments of €0.3 million were actively being repaid; and
- 254 (33%) cases with overpayments valued at €4.6 million are currently being worked on with a view to getting them repaid as soon as possible.

Table 5: Estate overpayment cases – 2018

Status at end 2018	Number of cases	Value of overpayment (million)	Value outstanding at end 2018 (million)
Repaid in full	488	€10.3	€0
Repaying	22	€0.3	€0.04
Not Repaying	239	€4.5	€3.5
Suspended	15	€0.1	€0.1
Total	764	€15.2	€3.6

VALUE OF OUTSTANDING DEBT DUE TO THE DEPARTMENT

The Department holds a significant stock of overpayments. A summary of this stock of debt is set out in the following table.

In line with the sanction received from the Department of Public Expenditure & Reform (DPER), a total of 33,290 overpayment cases were written-off by the Department in 2018. These legacy debts, which were raised in 2010 and earlier years, had an outstanding value of €10,000 or less, no repayments had been made to the Department since 1 January 2015 and no current recovery actions were open. They had an associated outstanding value of €41.5 million (average value of €1,245). This programme of write-offs was completed in November 2018.

Outstanding debts are monitored on an on-going basis and an annual statement is issued for each active debt component. Where debt cases are subject to appeal, a statement does not issue until the appeal is finalised. Where customers with a debt are awarded a new payment, a recovery plan will be initiated by the relevant paying scheme.

At the end of December 2018, customer debt was valued at €474 million in respect of 152,000 individual debts (average value €3,118) involving some 126,000 people.

Table 6: Value of outstanding debt due to the Department at end 2018

Years Overpayments raised	Value Outstanding at the end of 2018	Share of total	Related to Individual Debts
During 2018	€67m	14%	36,000
2015 to 2017	€133m	28%	51,300
2011 to 2014	€147m	31%	47,700
2010 or before	€127m	26%	17,000
Total	€474m	100%	152,000

Prosecutions

The Department's policy is to consider for prosecution all cases of fraud against the social welfare system. Prosecution can have far reaching consequences for a person, whether convicted or not. In considering which cases to prosecute, the Department applies defined and recognised practice standards, set by the Director of Public Prosecutions (DPP). Not all cases merit prosecution and cases are selected on an objective basis.

Factors that are considered include: the duration of the fraud, the amount overpaid, the age of the person concerned, previous incidences of social welfare fraud, vulnerability of the person and strength of the evidence available to the Department. As a general rule, lower value fraud does not merit prosecution but this does not preclude the Department from taking a prosecution as other factors may be relevant.

EXAMPLE 10 – UNDECLARED MEANS

A customer was claiming Farm Assist, but had not disclosed that they owned a second property which they were renting out to tenants. This resulted in an overpayment of over €32,000 of which €20,000 has been repaid to date, with the balance being repaid on a weekly basis. The customer was prosecuted by the Department, found guilty and was fined €250 by the court.

During 2018, 361 cases were considered for prosecution under Social Welfare legislation. Of these 101 cases were referred to the Chief State Solicitor's Office (CSSO) for criminal prosecution. An additional 74 cases were referred to An Garda Síochána for prosecution under Criminal Justice legislation. At the end of 2018, 484 cases (criminal and civil) were in the courts system at various stages of the prosecution process. Similar data is not available for cases referred to An Garda Síochána.

Where the Department encounters serious fraud cases, it is policy to ensure that such cases come before the courts. While the Department can take such prosecutions under social welfare legislation, in cases where serious cases of identity fraud or multiple claiming occur, these are generally referred to the Gardaí for prosecution under criminal justice legislation.

The Department finalised 177 (171 criminal and 6 civil) cases in Court during 2018 (these related to offences committed under the Social Welfare (Consolidation) Act 2005). The value of overpayments associated with these individuals was some €4.4 million. Of the 171 criminal cases finalised, the following reflects the outcomes:

- A prison sentence was imposed in 3 cases;
- Suspended sentences were imposed in 10 cases;
- Fines of varying amounts were imposed in 69 cases, ranging from €150 to €3,000;
- The Probation Act was imposed in 50 cases where the overpayment had been repaid in full; and
- Various other Court sanctions were imposed.

Table 7: Cases referred for prosecution: 2014 to 2018

	2014	2015	2016	2017	2018
Social Welfare Act	201	202	181	171	101
Criminal Justice Act	115	151	160	130	74
Total	316	353	341	301	175

During 2018, 175 cases were submitted to the CSSO and An Garda Síochána for prosecution. A further 260 cases were considered for prosecution but it was not thought to be the most appropriate route in those cases. Efforts to recoup any debt owed to the Department will continue regardless of the decision made in respect of the prosecution. There are a number of reasons why a prosecution will not be pursued:

- Risk of the offence being statute barred;
- Evidential standards/burden of proof not met for prosecution purposes;
- Not in the public interest to proceed;
- Appeal decision may impede the prosecution; and/or
- Mitigating factors were taken into account

Priority Activities for 2019

The Department's priority activities for 2019 will continue to build on the progress and outcomes achieved in the implementation of the Compliance and Anti-fraud Strategy 2014 – 2018 and include the development of a new Strategy for the years 2019 - 2023.

Table 8: Priority Control Activities for 2019

Priority Area	Details of work programme
Strategy	Develop a new Control Strategy to cover the period 2019 - 2023.
Special Investigations Unit	<p>Continue work on identifying instances of hidden economic activity (in conjunction with other agencies) and direct investigations.</p> <p>Pursue suspected cases of identity fraud resulting from public reports of suspected fraud and those detected by internal systems.</p> <p>Undertake site visits and inspections on key employers in specific risk sectors, with a particular focus on construction sites.</p> <p>Target investigation of high-value fraud resulting from examination of financial data.</p> <p>Continue to investigate cases of welfare tourism and where cases of non-habitual residence in the jurisdiction are identified.</p> <p>Undertake joint case investigations with other social security agencies on cross-jurisdictional social welfare fraud. Promote mutual assistance with a cross-border dimension.</p>
Reviews/investigations	Reviews to be conducted during 2019 will consist of desk-based assessments of entitlement, special investigations; customer self-declarations, targeted on-site inspections and employer PRSI audits. Review control/risk policies will also be put in place across all schemes.

Priority Area	Details of work programme
Data-Matching&Analytics	Continue to systematically target payment and relevant personal data that impacts on social welfare entitlements and refer identified cases for investigation. Continue to build analytics models to enhance suspected fraud and error detection and expand use to underpin risk management approach to reviews across other DEASP schemes. Expand the number of focused projects undertaken by the SIU.
Controlsurveys	Publish two surveys during 2019: State Pension (Non Contributory) and Back to Work Enterprise Allowance. Progress the Jobseeker's Allowance survey.
Recovery of overpayments	Continue to maximise recovery of overpayments from debtors who are currently in receipt of a payment from the Department. Continue to target overpayments from debtors that are currently not in receipt of a social welfare payment, with an emphasis on high value debt.
Prosecutions	Continue to refer appropriate fraud cases to the Departments Central Prosecution Service and An Garda Síochána for consideration of prosecution.

Table 9: Headline Results for 2018

Pillar	Area of Activity	Target 2018	Achieved in 2018
Prevention/ Detection	Control Savings of which achieved by the Special Investigations Unit (SIU)	€520m €75m	€556m €62m
	Control Reviews Undertaken	800,000	742,265
	Public Services Cards (PSC) issued	Demand led	More than 3.6 million PSCs issued by year end.
	Predictive Analytics Modelling	Maintain existing models Use analytics to support and enhance other control projects across the Dept. Consider models for other DEASP schemes	Over 19,000 cases were referred for review in 2018 SPC, HHB & SIU projects supported Widows Pension Model was developed

Pillar	Area of Activity	Target 2018	Achieved in 2018
Detection	Control Surveys	<p>Publish Carers Allowance report in Q3/2018.</p> <p>Publish SPNC report in Q3/2018.</p> <p>Commence survey of BTWEA during 2018.</p> <p>Agree Programme of future reviews (2019-2022).</p>	<p>Carers Allowance report published</p> <p>State Pension (Non Contributory) report completed (was published in Jan 2019)</p> <p>Survey of BTWEA commenced.</p>
Debt Recovery/ Deterrence	Overpayments Recovered	€95m	€81m
	Prosecutions submitted	500 cases considered for prosecution	<p>In total 435 cases considered for prosecution.</p> <p>361 considered under SW legislation, of these 101 referred to CSSO for prosecution.</p> <p>74 cases referred under Criminal Justice legislation.</p> <p>177 (171 criminal, 6 civil) SW cases finalised in court.</p> <p>484 SW cases (criminal and civil) within the court process at end December 2018.</p>

Outputs of the Compliance and Anti-Fraud Strategy 2014-2018

The year 2018 was the final year of the Department's five year "Compliance and Anti-Fraud Strategy 2014 – 2018". The outputs of this strategy are shown in table 11 below. Highlights include:

- More than 4 million control reviews carried out;
- Over €2.5bn in control savings recorded;
- More than 94,000 reports from members of the public processed;
- Over €400m in overpayments recovered;
- Almost 190 suspected identity fraud cases detected; and
- Almost 1,500 cases referred for prosecution.

Table 10: Outputs of Compliance and Anti-fraud Strategy 2014 - 2018

Year	Control Savings	Control Reviews	Control Surveys	Over-payments Raised	Over-payments Recovered	Suspected Identity Fraud Cases	Cases for Prosecution	Reports from public Processed
2014	€505m	More than 1 million	2	€124m	€86m	29	316	21,088
2015	€464m	More than 1 million	2	€115m	€83m	55	353	15,721
2016	€506m	950,000	3	€110m	€82m	46	341	20,791
2017	€530m	750,000	2	€111m	€81m	26	301	21,292
2018	€556m	742,000	2	€108m	€81m	32	175	15,428

