



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

# **Compliance & Anti-Fraud Strategy 2014 – 2018**

Annual Report 2017 and  
Annual Target Statement 2018



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# Minister's Foreword

This is the fourth annual report on the activities of the Department of Employment Affairs and Social Protection under the Compliance and Anti-Fraud Strategy 2014-2018.

The report provides an account of how the Department performed during 2017 in pursuing its goals of reducing incidents of fraud and non-compliance across social welfare scheme payments.

Each week, more than 1.3 million people - pensioners, people with disabilities, people on maternity or sick leave, carers and jobseekers - receive a payment from the Department. In addition, more than 625,000 families receive child benefit each month in respect of 1.2 million children. The work of the Department touches everyone in the State.

It is generally accepted that the overwhelming majority of people who are supported by the Department claim and receive payments to which they are legitimately entitled. However, in order to protect the integrity of the system and ensure that we continue to target available supports to those most in need, it is essential to combat social welfare fraud and error.

The Compliance and Anti-Fraud Strategy ensures that a clear and strategic approach in preventing and detecting social welfare fraud and error underpins the work of the Department.

Some key achievements in this regard in 2017 include:

- Over 750,000 control reviews were carried out which yielded control savings of over €530 million;
- Over €81 million in overpayments were recovered; and
- Over 300 cases of suspected fraud and other offences were considered for prosecution.

I hope that these achievements, along with the other measures outlined in this report, will assure taxpayers and society generally that the system of fraud prevention and detection that we operate is robust, effective and ensures that we continue to support those genuinely in need.

**REGINA DOHERTY T.D., Minister for Employment Affairs and Social Protection.**

**August 2018**

# 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 to employers and the self-employed during 2017.

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## 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 €19.5 billion in 2017 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. To do this requires that safeguards are in place. These secure our payment systems and detect and prevent fraud and wrongful claiming occurring. Where we find wrongful 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.

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## 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 putting in place 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.

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## OUTPUTS FOR 2017

This report provides an overview of implementation of the Strategy, the work undertaken and currently in progress and the key outcomes achieved in 2017. The main outputs for 2017 are summarised in Figure 1 below. Targets for 2018 are set out later in this report.

### FIGURE 1: OUTPUTS FOR 2017

- Nearly 755,000 reviews of claims, inspections and investigations were undertaken.
- Control savings recorded totalled just over €530 million – the annual target of €510 million was exceeded<sup>1</sup>.
- Overpayments of benefit and assistance on individual cases amounted to €111 million over the course of the year.
- Repayments of over €81 million were made in respect of overpayments raised during 2017 and previous years. Our target was to recover €90 million over the course of the year.
- We referred over 300 cases to the Courts or to the Gardaí for prosecution during the year. At the end of 2017, we had 589 cases in the court system at various stages of the prosecution process.
- The public awareness campaign “Welfare Cheats Cheat Us All” ran from April to July 2017. The campaign was designed to raise awareness of social welfare fraud and encourage members of the public to report potentially fraudulent activity.
- The results of two control surveys were published during the year and work continues on a number of other surveys which will be published during 2018.

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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.

# Control Environment

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## IMPACT OF ECONOMIC CHANGES

The recovery in the Irish economy continued to accelerate during 2017. GDP grew at a rate higher than projected and this is set to continue into 2018. Both net exports and underlying domestic demand should contribute positively during 2018. The labour market is expected to benefit accordingly. Further gains in employment will likely lead to future reductions in the unemployment rate and a reduced number of claims in payment for jobseekers benefit and assistance.

Notwithstanding the threats posed by the UK leaving the EU and other global factors, the Irish economy and labour market are projected to continue to see improvements for the foreseeable future. Consumer sentiment and earnings continues to improve. The financial position of many households is improving and will improve further over the coming year.

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## CONTROL ACTIVITY

Child Benefit is currently paid to 625,000 customers with 1.2 million children at an annual cost of approximately €2.1 billion in 2017. During 2017, eligibility checks were made on 325,000 children. It was found that the payment should no longer be made in respect of nearly 10,000 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 nearly €72 million, including almost €5m in overpayments.

Demographic changes mean an increase in pensioner numbers as the population ages. Increasing claim loads in these areas are balanced by a reduction in the support needed by jobseekers as the labour market continues to recover.

Taken together, and given the positive economic outlook, the demand on the short-term supports from the welfare system is lessening. These positive factors impact on the work of the Department and on the environment in which control and anti-fraud work is undertaken.

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## CONTROL THREATS

The implications of this positively changed environment for the control work of the Department are reflected in the work undertaken over the course of 2017 and in our focus for the future.

Improved earnings 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 are possible with less certainty around hours, standard working weeks and increased earnings variability. New waves of technology and innovation are set to continue to revolutionise the way we work and think about work.

This ever-changing and 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 2017 are shown in Figure 2 below.

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 expertise.

#### **FIGURE 2: EXAMPLES OF FRAUDULENT ACTIVITIES INVESTIGATED DURING 2017**

- A person received a jobseeker's payment for being out of work, having stated that no work was available, but worked full-time for cash at the same time.
- A worker declared an injury and, having established an entitlement to Disability Allowance, was actually working while they received the allowance.
- A person in receipt of a state pension died and his death was not registered. A relative did not inform the Department and continued to claim his pension payment.
- A woman was imprisoned in the UK for a short period for a motoring offence. Her partner did not tell the Department and jobseekers allowance continued to be paid.
- A couple were living and working in Ireland for a number of years. They correctly claimed and received a Child Benefit payment for their three children. The couple left the State to take up employment in France, but did not tell the Department and continued to receive Irish Child Benefit.
- A student was approved for a Back to Education Allowance to study for a degree. However, they dropped out of college, started working in a bar in the evening and weekends and continued to claim the Allowance.
- A jobseeker set up an internet trading outlet which allows people to buy and sell items online. To ensure that the earnings could not be traced, all payments were sent to a bank account in Northern Ireland.



# Control Effort

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

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## PREVENTION OF FRAUD AND ERROR

First, 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 to provide proof of their identity to our staff. This is done by asking the applicant to verify their identity to our satisfaction and issuing them with a Public Services Card (PSC). The PSC 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 used to prevent 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, cross-checking details supplied with information already held within the Department or with another public body.

Second, a person who is receiving 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 a protracted 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.

The third aspect of our prevention approach is to help customers to avoid making mistakes. 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. A contract was recently awarded to the National Adult Literacy Agency (NALA) for the provision of plain English writing, editing and training services to the Department.

Mistakes can also be made by Department 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 IT system enhancements to reduce the scope for error, on-going training, mentoring and quality assurance checks, as well as internal information briefings and awareness programmes.

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## CONTROL ACTIVITIES

**Special Investigations Unit (SIU)** – This Unit is staffed by experienced, trained and dedicated teams of investigation 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 - USING SEVERAL IDENTITIES

As part of a programme of construction site inspections, SIU officers visited a small building site in south Dublin. People working on the site were interviewed and statements were taken. In the course of follow-up enquiries, it was established that one person was found to be using one personal public service (PPS) number for work and a different number to make claims for social welfare payments. The value of the incorrect payments claimed totalled over €80,000. Repayments are being made and the person pleaded guilty to several offences in the Dublin Circuit Criminal Court. Sentencing was adjourned to allow the Court to determine a number of issues.

**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.

**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. Almost 755,000 reviews were undertaken in 2017.

**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 (available [here](#)) members of the public are encouraged to report concerns they might have about the bona fides or fraudulent nature of social welfare payments. Over 21,000 reports were received by the Department in 2017.

**Control surveys<sup>2</sup>** – These are targeted surveys of a random sample of between 600 and 1,000 claims in payments on selected schemes. The methodology and outcomes allow the Department

<sup>2</sup> Previously called "Fraud and Error Surveys".

to identify risks with scheme operations and identify the steps that are necessary to address any control weaknesses so as to better manage or eliminate the risk of fraud in the future. The results of two surveys were published in 2017.

**Targeted investigations** – These are based on predictive analytics models focusing on the Department’s three main working age schemes (jobseekers, one-parent family and disability allowance payments). The analytics models help to increase the detection rate of non-compliant claims and allow for the better focusing of investigative resources.

#### EXAMPLE 2 - TARGETED INVESTIGATION, STATE PENSION (NON-CONTRIBUTORY)

A number of cases were identified for investigation in the South West involving the payment of State Pension (Non-Contributory). The risk factors focused on payment patterns and the history of the claimants. Total control savings recorded amounted to over €400,000. Some outcomes achieved include:

- One person repaid €40,000 and was prosecuted and imprisoned for three months;
- One person was arrested by Gardaí, released and had left the State before the case came to Court; and
- Prosecution was considered in three cases, with one of these cases currently pending.

**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. The Department has powers to seize funds held in financial institutions and to attach an order to make repayment from earned income, where a person is no longer in receipt of a social welfare payment.

#### Means-tested schemes repay the most

People who were overpaid State Pension (Non-Contributory) made repayments of over €23.4 million to the Department during 2017. 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 €21 million in repayments were made to the Department.

**Prosecutions** – The Department may prosecute a person where there is evidence that social welfare offences or possible fraud has been committed. Some 589 cases were before the courts at the end of 2017.

**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, identifying online trading and identity fraud.

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## REVIEWS OF ENTITLEMENTS

The Department conducted nearly 755,000 claims reviews during 2017 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 €530 million in control savings were realised in 2017, nearly €63 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.

### **Review of qualified adult payments additional to State Pension (Contributory) payments**

An increase for qualified adult payment is a means tested payment. Approximately 65,000 State Pension (Contributory) claimants receive the increase. A significant programme of eligibility reviews commenced at the end of 2017 with 500 reviews yielding €1 million in savings. In the first quarter of 2018, these reviews achieved savings of €5 million through weekly rate reductions or disallowance of entitlement. This work will continue during 2018 and beyond.

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

**Table 1: Control Savings Recorded by Scheme in 2017**

Scheme	Number of Reviews	Control Savings €m
Jobseekers <sup>3</sup>	173,035	201.091
Illness related payment	42,563	38.688
Pensions including household budget payments	47,326	54.389
One Parent Family payment	54,354	56.436
Widow(er) and Orphan payments	10,490	15.075
Carers payments	6,731	13.748
Child Benefit	325,513	71.834
Working Family Payment	51,819	51.564
Supplementary Welfare Allowances	37,235	24.575
Employer related PAYE/PRSI inspections	5,439	3.009
<b>Total</b>	<b>754,505</b>	<b>530.409</b>

## 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, prevent and detect fraudulent activity.

### FIGURE 3: ANONYMOUS REPORTS

- 21,292 reports were processed by the Department over the course of 2017.
- Of these, 16,856 (79%) were received online via the Department's website and 3,475 (16%) 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.

Two-thirds of reports received during 2017 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 lacked detailed information, no claim was in payment as alleged, or the information reported did not impact on the customer's entitlement to their payment.

<sup>3</sup> Includes Back to Education Allowance, Back to Work Enterprise Allowance and Farm Assist schemes

#### **EXAMPLE 4 - REPORT OF SUSPECTED FRAUD BY THE PUBLIC**

A report was received stating that a man in Waterford was receiving a pension even though he was living most of the year in the US. The report stated that he had worked in Ireland for a long time but moved to the US to be with his children and continued to claim a contributory pension. An investigation was initiated. The man's brother indicated that he was indeed living in the US for some of the year but lived most of his time in Waterford. Upon his return, the man contacted the social welfare inspector. His details were updated and he continues to receive his State Pension (Contributory). Entitlement to this pension does not cease because a person lives outside the State. No further action was deemed necessary on foot of the report received.

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.

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#### **MEDIA CAMPAIGN**

The "Welfare cheats cheat us all" publicity campaign was launched in April 2017 and was designed to:

- Promote discussion on the topic of social welfare fraud and challenge the perceptions of those who see it as a victimless crime;
- Encourage reporting of suspected social welfare fraud. The "direct marketing" element of the campaign appealed to the public to report suspected fraud. It also afforded an opportunity to increase awareness of the Department's fraud reporting contact numbers and online reporting options;
- Demonstrate that the Government and Department take the issue of social welfare fraud very seriously and that it will investigate and prosecute, where this is found to be warranted; and
- Demonstrate that the Department is very conscious of its obligations, as one of the largest spending Departments in the State, and the importance of protecting the integrity of the social welfare system.

FIGURE 4: WELFARE CHEATS CAMPAIGN POSTER FROM APRIL 2017



The delivery of the campaign was designed to achieve a balance of coverage across all demographics and regions and incorporated print, national and regional radio stations, digital and outdoor advertising. The national and regional radio, print and outdoor advertising ran for a period of two weeks, with a longer timeframe of 4 to 6 weeks for digital/online advertising.

#### FIGURE 5: 'WELFARE CHEATS CHEAT US ALL' CAMPAIGN RESULTS

- The media campaign ran from 18 April to 31 July 2017. During this period:
  - > 7,718 allegations of suspected fraud were received by the Department
  - > Of the 7,129 reports where people were identified, 2,071 reports did not contain relevant information or the information was insufficient to conduct a review.
  - > Of the remaining 5,058 cases, 218 were allegations against employers.
  - > Some 4,840 cases were examined and matched to individuals with social welfare payments.
  - > Of these 738 claim reviews and/or investigations were initiated.
- At the end of April 2018, overpayments and control savings from these cases had totalled over €7 million.
- Overpayment assessments are valued at just over €915,000, of which nearly €200,000 had been repaid by the end of April 2018.

### EXAMPLE 5 - TIP-OFF: CLAIMING ON BEHALF OF DECEASED RELATIVE

Two sisters, who fraudulently claimed over €50,000 in social welfare benefits on behalf of their father after he died, avoided a jail term. The Dublin Circuit Criminal Court took into account a number of mitigating factors, including that it would be unjust to imprison and deprive one of the sisters' children of her care. A 2½-year sentence was imposed on both sisters but each was suspended on a number of conditions.

One sister claimed over €22,000 in pension payments related to her late father while the other claimed a total of €32,000 in carer's allowance and respite care grants.

The case was investigated by the SIU following a tip-off from a concerned person who thought it unusual the sisters would continue to get payments when their father had died some time previously.

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### 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 2017 by the SIU are outlined in Figure 6.

#### FIGURE 6: SIU OUTCOMES IN 2017

- Control savings of nearly €63 million were generated from the Unit's control and anti-fraud activities; and
- 3,560 case investigations resulted in social welfare payments being stopped or reduced and 1,374 cases where overpayments were detected.
- 130 cases 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.
- 171 cases recommended to the Department's Central Prosecution Service for consideration to prosecute for social welfare offences.



### EXAMPLE 6: FRAUDULENT FAMILY INCOME SUPPLEMENT PAYMENTS IN THE NORTH-WEST

FIS (now Working Family Payment) was being paid to a customer who failed to notify the Department that he had moved employment and was now self-employed.

This case arose as a result of the work of the SIU. The person had declared employment with a construction company. Due to suspicions on the movements of vehicles, his claim was investigated. The person concerned initially denied that he was self-employed, but agreed during interview when evidence of his operation was put to him. False documentation had been provided in support of a FIS application.

An overpayment of nearly €10,000 was assessed in this case. The case has been referred for prosecution and is awaiting a court date. Repayments commenced once the investigation was completed.

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.

**Table 2: Special Investigations Unit outcomes 2014 to 2017**

Year	Cases with savings outcomes	Target	Total Savings	Cases assessed with overpayments	Value of Overpayments assessed
2017	3,560	€75.0m	€63.0m	1,374	€22.0m
2016	4,451	€75.0m	€70.6m	1,842	€28.0m
2015	4,732	€75.0m	€69.0m	2,217	€23.7m
2014	4,295	€70.0m	€68.1m	2,215	€23.6m

### FIGURE 7: SIU KEY FUNCTIONS

- Identifies those sectors of the economy where the risk of fraud is highest and conducts comprehensive investigations;
- Works closely and collaboratively with other compliance and fraud investigation agencies to ensure that social welfare abuse is comprehensively deterred and detected; and
- Ensures an integrated approach to prevention, deterrence, and detection of social welfare abuse in conjunction with other areas of the Department involved in fraud and control work.

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### 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 DEASP and Revenue officials 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. The focus of these units in 2017 was specifically on the shadow economy and the construction sector.

### EXAMPLE 7: MULTI-AGENCY VEHICLE CHECKPOINT IN DONEGAL

The SIU co-operated with An Garda Síochána and Workplace Relations Commission staff to operate a multi-agency vehicle checkpoint near the Donegal/Northern Ireland border. Several vehicles were stopped and their occupants interviewed. One person indicated they were commuting to work in Northern Ireland. In follow-up investigations, that person was found to be making social welfare claims in Donegal. The information she had given was only partially true.

A historic review of entitlements was conducted and, with information from agencies in Northern Ireland, the person's employment history was established and an overpayment of over €30,000 was assessed. Decisions on prosecution are currently pending. No repayment has been made by the person concerned to date.

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. The Department recognises that the use of existing data holdings, particularly in other public bodies, can support better control and anti-fraud activity. Such sharing only occurs under strict data-sharing arrangements.

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## CROSS BORDER CO-OPERATION

The Cross Border Operational Forum was created in 2004 under the aegis of the Memorandum of Understanding between the Governments of the United Kingdom and Northern Ireland and Ireland. The Memorandum defines and provides a basis for the consultative, administrative and operational arrangements between the various social protection and social security systems in the two jurisdictions.

The Forum is a structured mechanism to underpin an effective and systematic approach to tackling cross-jurisdictional fraud. It ensures that the systems of fraud prevention and detection that are collectively operated are robust and effective.

The Department also 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.

Revised arrangements to improve co-operation between both jurisdictions were put in place during 2017. These arrangements will facilitate continued 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.

Improved arrangements will secure the future exchange of data to combat identity fraud and cross-jurisdictional claiming. The arrangements identify key contact personnel across the UK and Northern Ireland, and in the Department, to enhance co-operation and service delivery to members of the public.

### EXAMPLE 8: CROSS BORDER CO-OPERATION

In March 2017, the Circuit Criminal Court in Tralee was told that a man had claimed over €35,000 in benefits while being employed for six days per week in the construction industry in the UK. The judge branded his behaviour as “appallingly avaricious”. From November 2011 until the end of May 2015, the defendant claimed €188 per week Disability Allowance payment - while earning £800 per week in the UK. The defendant pleaded guilty and is paying back €50 per week to the Department. The court adjourned the matter for 12 months to supervise the recovery of the sum overpaid.

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 41,000 UK pensioners permanently resident in Ireland; and
- Data relating to life events recorded by the General Register Office in this jurisdiction.

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## SAFE2/PUBLIC SERVICES CARD

The implementation of the Department's robust client registration and identity verification process, known as SAFE2, continued during 2017.

The SAFE2 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.

As part of the rollout of the PSC, the Department has invested in facial recognition software to ensure that 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 2017, 26 cases of suspected fraud detected via the software were referred to the SIU for investigation. Of the 26 cases, 1 case was found to have no identity issue, 3 cases are in the legal process (instructions sought Garda/DPP) and 22 cases are at various stages of the investigation process. Up to the end of 2017, 172 cases had been detected.

Clients who register to SAFE2 standard can be issued with a Public Services Card (PSC). The PSC was introduced to enable individuals to gain access to public services more efficiently and with a minimum of duplication of effort, while preserving privacy and security. By the end of 2017, the Department had issued in excess of 3 million PSCs. A new online identity and access management facility (MyGovID) using the Standard Authentication Framework Environment (SAFE) came on stream during the year.



### EXAMPLE 9: USE OF MULTIPLE IDENTITIES

In February 2017, a three year custodial sentence was imposed at Wexford Circuit Court. The individual concerned had used two identities to accumulate over €280,000 in social welfare payments between 1999 and 2015. No repayments have been made to the Department.

The MyGovID service was rolled out during 2016 and is now in use by several Government Departments and State Agencies to authenticate customers online. This offers a safe online identity for Irish Government services. Since February 2016, all customers who have completed a SAFE registration process with the Department can authenticate their identities online and verify their MyGovID account using their PSC, thereby safely accessing an increasing range of government services.

In 2017, the Department continued to expand its secure online services on [www.mywelfare.ie](http://www.mywelfare.ie). Services introduced during 2017 included enabling customers to change their address or obtain an online copy of their contributions record. The Department also launched [www.welfarepartners.ie](http://www.welfarepartners.ie) which aims to provide online services to business and employers. Community Employment Schemes and Treatment Benefits (Dentists and Opticians) were the first services to be made available. It is intended to further add to services on both platforms during the course of 2018.

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### 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.

As of the end of 2017, 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 2,400 OFP cases were identified for investigation in 2017 and the model continues to perform well, with a detected non-compliance rate of approximately 20%. The DA model was put into production in September 2016. Over 2,000 DA analytics cases were issued for investigation in 2017 with a detected non-compliance rate of approximately 22% being realised.

The Department has also developed a business rules model for jobseekers' payments. As of the end of 2017, some 11,000 cases had been selected for investigation using this model, with the most successful rules achieving detected non-compliance rates of approximately 28-30%.

During 2017, a more targeted approach to the reviewing of Farm Assist cases was also introduced, based on a number of risk factors identified in the 2016 Control Survey of the scheme.

A specific analytics database for the SIU has also been developed, through which cohorts of clients are identified for investigation. This SIU-specific work has generated almost €1.9 million in savings for 2017.

Overall, the application of analytics has resulted in the Department developing an:

- Improved capacity to detect more non-compliant cases;
- Improved non-compliance processes and controls; and
- Identification of trends that help to develop more effective control policies.

In terms of a return on investment, the analytics project had generated over €32 million in control savings up to the end of 2017.

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## CONTROL SURVEYS

Control surveys, previously known as fraud and error 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.

During 2017, surveys of Supplementary Welfare Allowance (SWA) and State Pension Contributory (SPC) were published.

The SWA survey focused on the Basic Supplementary Welfare Allowance (BASI), a weekly allowance awarded as part of the overall SWA Scheme. In this survey, 1,000 randomly sampled BASI claims were reviewed to assess recipients' compliance with the rules of the scheme. The estimated rate of fraud and error for BASI was found to be 2.4% of gross scheme expenditure. The outcomes of the survey have resulted in a greater focus on reviewing claims with a qualified adult payment and an increased focus on customer awareness of the conditions of the scheme and their obligation to report any change in circumstances to avoid errors and overpayments.

For the SPC survey, 600 randomly sampled SPC claims were reviewed to assess recipients' compliance with the rules of the scheme. The estimated rate of fraud and error for the SPC scheme as a whole, including increased payments for qualified adults (IQA), was found to be 2.0% of total expenditure. The outcomes of the survey have resulted in a focusing of reviews on SPC beneficiaries in receipt of an increase for a qualified adult and on recipients who are resident overseas. An analysis of the Household Benefits Package (HHB) component of SPC recipients' payments showed a 0.3% rate of fraud and

error in relation to those entitlements.

The survey reports are available on the Department's website at [www.welfare.ie](http://www.welfare.ie)

With regard to surveys due for completion in 2018, it is envisaged that the report on the survey of Carers Allowance will be published in Q3 2018. The field work on the State Pension (Non Contributory) scheme has also been completed and it is expected that the report will also be published in Q3 2018. A survey of Back to Work Enterprise Allowance will also get underway in 2018.

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## DATA MATCHING

The legislative provisions that allow for the specific sharing of data are contained in section 261 of the Social Welfare (Consolidation) Act 2005. 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. The protections provided by this legislation will be further enhanced by the implementation of the General Data protection Regulation (GDPR) in 2018.

### EXAMPLE 10 – STUDENT DATA MATCHING

As a result of data matching with third-level institutions, an individual was identified who was in receipt of Jobseekers Allowance and had not informed the Department that they were in full-time education. The subsequent investigation resulted in the termination of the Jobseekers Allowance and a saving to the Department of approx. €14,000.

Some of the more extensive data sharing arrangements are undertaken with the Revenue Commissioners. Data exchanges are important to provide and deliver good quality public services. They also help to prevent social welfare offences and/or tax evasion. The arrangements are governed by a group of senior officials drawn from both bodies and by a Memorandum of Understanding between the two organisations.

**EXAMPLE 11** – Revenue Data Matching

A person was identified as possibly working full-time but was receiving a small jobseekers payment based on a claim of casual working. Following review, the employer provided records that the person was working full-time. Following a search of the person's home, a forged company date stamp was found. This was used to certify part-time employment declarations. An overpayment of €38,700 of jobseekers benefit was assessed. This case was investigated by the SIU and a file was submitted to the DPP who recommended prosecution for offences committed under the Social Welfare (Consolidation) Act 2005.

The court took the person's family circumstances into account in determining sentence. A community service order to undertake 240 hours of voluntary work in lieu of a sentence of one year in prison was imposed. The person concerned has repaid €10,000 of the overpayment to date.



# 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 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.

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## OVERPAYMENTS RAISED IN 2017

In overall terms, new overpayments of some €111 million were raised in 2017, a slight increase compared to 2016. This represents 68,058 separate cases and the average value of these overpayments was €1,600. The total value of overpayments, as a percentage of total programmes/scheme expenditure in 2017, was of the order of 0.5%.

The value of overpayments attributable to customer fraud and suspected fraud fell to €38.4m in 2017 from €41 million in 2016 – a decrease of some 6%.

Customer fraud and suspected fraud accounted for 35% of the total value of overpayments raised in 2017 (2016: 37%). Official error fell to 1.6% of the total value of overpayments, the lowest level recorded for a number of years.

The value of Estate cases decreased to 13% in 2017 (2016: 18%).

Table 3: Value of overpayments recorded by category: 2012 to 2017

	2012 €m	2013 €m	2014 €m	2015 €m	2016 €m	2017 €m
Suspected Fraud	41.0 (42%)	61.9 (49%)	52.5 (42%)	49.0 (42%)	41.0 (37%)	38.4 (34%)
Customer Error	35.8 (37%)	43.6 (34%)	49.8 (40%)	46.0 (40%)	46.7 (43%)	56.4 (51%)
Estate cases	12.6 (13%)	15.0 (12%)	17.1 (14%)	17.4 (15%)	20.0 (18%)	14.4 (13%)
Official Error	7.6 (8%)	6.7 (5%)	5.0 (4%)	2.9 (3%)	2.3 (2%)	1.8 (2%)
Total	97.0	127.2	124.4	115.3	110.0	111.0

Table 4: Number of overpayments recorded by category: 2012 to 2017

	2012	2013	2014	2015	2016	2017
Suspected Fraud	20,700 (31%)	27,489 (32%)	27,437 (30%)	21,407 (26%)	16,225 (21%)	10,467 (15%)
Customer Error	40,800 (61%)	49,693 (59%)	56,975 (62%)	55,536 (68%)	54,674 (71%)	54,509 (80%)
Estate cases	413 (1%)	464 (1%)	477 (1%)	499 (1%)	615 (1%)	517 (1%)
Official Error	5,000 (7%)	7,056 (8%)	6,044 (7%)	4,157 (5%)	4,965 (7%)	2,565 (4%)
Total	66,913	84,702	90,933	81,599	76,479	68,058

**EXAMPLE 12 – NOTICE OF ATTACHMENT TO EARNINGS APPLIED**

A person was working but was also claiming both Rent Allowance and Jobseekers Allowance fraudulently. The person was notified that they had been overpaid and that they must repay a debt to the Department of €26,277. The person failed to engage with the Department to repay their debt and the case was considered for attachment. The Department issued an Attachment Order to the person's employer instructing that a deduction be made from the person's earnings. Deductions of €207 per fortnight are being paid directly to the Department.

**DEBT MANAGEMENT**

By the end of 2017, in terms of value:

- €42.1m or 38% of the overpayments raised in 2017 had been repaid in full (2016: €30.8m, 28%);
- Repayments are being made on €26.6m or 24% of the overpayments (similar to 2016 figures); and
- €30.7m or 27% are pending recovery - a decrease on the 2016 figures of €37.2m (34%).  
Roughly €12.5 million (11%) of overpayments raised in 2017 remained subject to appeal and other review processes at the year end.

**Table 5: Value of overpayments recovered: 2012 to 2017**

	2012 €m	2013 €m	2014 €m	2015 €m	2016 €m	2017 €m
Recovered	53.4	70.7	86.3	82.5	82.0	81.0

At the end of the year, roughly 50% of the 68,000 individual overpayments raised in 2017 had been repaid to the Department and repayments were being made on a further 20%. The remaining overpayments are either 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 pension, were made in respect of 517 deceased customers in 2017, valued at €14.4 million. Of these, overpayments of €14.3 million were assessed in respect of 408 customers relating to the payment of benefit and/or assistance prior to death. The average value of these cases was €35,000.

In the case of the remaining 109 customers, all were paid small levels of benefit and/or assistance after their death. The value of these overpayments was €0.1 million with an average value of €786.

At the end of 2017, of the 517 deceased customer cases reported:

- 337 (65%) overpayment cases valued at €8.9 million were repaid in full;
- 37 (7%) cases valued at €2.2 million were written off or partially written-off as irrecoverable due, in the main, to no assets being available;
- 17 (3%) cases with overpayments of €0.16 million are actively being repaid; and
- 126 (25%) cases with overpayments valued at €3 million remained outstanding.

**Table 6: Estate overpayment cases - 2017**

Status at end 2017	Number of cases	Value of overpayment
Repaid	337	€8,982,050
Written Off	37	€2,221,437
Repaying Debt	17	€163,683
Not Repaying Debt	126	€3,062,456
Total	517	€14,429,626

## 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. At the end of December 2017, customer debt was valued at €500 million in respect of 182,000 individual debts (average value €2,755) involving some 153,000 people. One-third of the value of all overpayments outstanding is more than seven years old.

Table 7: Value of outstanding debt due to the Department

Overpayments raised	Value Outstanding at the end of 2017	Share of total	Related to Individual Debts
During 2017	€69,891,018	13.92%	35,008
2015 & 2016	€94,253,162	18.78%	41,500
2010 to 2014	€182,816,695	36.42%	59,775
Before 2010	€155,001,729	30.88%	45,878
Total	€501,962,604	100.00%	182,161

### PLANNED ACTIONS FOR 2018

A key focus of the Department in 2018 will be on the recovery of overpayments from persons who have returned to work and on ensuring that newer debts are effectively managed.

In addition, the Department has agreed with the Department of Public Expenditure and Reform (DPER) to implement a range of debt management actions in 2018. This includes the write-off of what are known as “legacy” debts - debts raised in 2010 and earlier years. The Department plans to write off those debts that have an outstanding value of €10,000 or less where no repayments have been made to the Department since 1 January 2015, and where no current recovery actions are open. This course of action reflects a number of key underlying factors such as:

- the age of the debts and the passage of time since they were raised;
- the length of time since the last repayments were made; and
- the non-viability of the debts - both now and into the future.

In 2018, the Department also intends to write-off small value overpayments which are also considered to be uneconomical to pursue.

# 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, defined and recognised practice standards, set by the Director of Public Prosecutions (DPP), are applied. 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 13 - WELFARE TOURISM

In 2017 at Dundalk Circuit Court an individual received a two year custodial sentence. He was arrested as he disembarked a flight from Amsterdam as he intended to collect social welfare payments amounting to over €1,200. As part of the investigation it was established that his wife and children were residing in Amsterdam and the children attended school there. His wife was in receipt of social welfare payments from the Dutch authorities for herself and her children since 2006. Over 50 flight records were obtained for the individual concerned and these flights coincided with DSP payments to be collected.

During 2017, 171 cases were referred to the Chief State Solicitor's Office (CSSO) for criminal prosecution. An additional 130 cases were referred by the SIU/An Garda Síochána to the DPP for direction. At the end of 2017, 589 cases (criminal and civil) were in the courts system at various stages of the prosecution process.

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 169 cases in Court during 2017 (these related to offences committed under the Social Welfare (Consolidation) Act 2005). The value of overpayments associated with these individuals was some €4.7 million. Of the 169 cases finalised, the following outcomes were noteworthy:

- A prison sentence was imposed in 2 cases;
- Suspended sentences were imposed in 5 cases;
- Fines of varying amounts were imposed in 80 cases, ranging from €50 to €7,500;
- The Probation Act was imposed in 48 cases where the overpayment had been repaid in full; and
- Various other Court sanctions were imposed.

**Table 8: Cases referred for prosecution: 2013 to 2017**

	2013	2014	2015	2016	2017
Social Welfare Act	198	201	202	181	171
Criminal Justice Act	68	115	151	160	130
Total	266	316	353	341	301

The Department undertook a review of its overall policy for selecting and taking prosecutions during 2017. The objective of this work is to ensure that the Department's general policy on taking prosecutions for offences arising from the administration of the social welfare system remains fit for purpose. The review took account of the revised Guidelines and a Code of Ethics issued by the Director of Public Prosecutions on October 2016 and a range of other factors. The findings of the review will be published during 2018.

# Priority Activities for 2018

The Department's priorities for 2018 will continue to build on the progress and outcomes achieved in the implementation of the Strategy to date.

**Table 9: Priority Control Activities for 2018**

Priority Area	Details of work programme
Proof of identify	Continue to roll-out the SAFE2 process and target schemes where claimants have not completed the SAFE registration process.
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 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	Conduct at least 800,000 reviews during 2018 consisting of desk-based assessments of entitlement, 25,000 special investigations; customer self-declarations, targeted on-site inspections and employer PRSI audits. Review control/risk policies 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 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.
Control surveys	Publish two surveys during 2018. Carers Allowance and State Pension Non Contributory. Commence a survey of Back to Work Enterprise Allowance during the year.
Recovery of overpayments	Raise recovery level to target of €95 million by end 2018.
Prosecutions	Refer 500 cases to the Central Prosecution Service and An Garda Síochána for consideration of prosecution. Publish the review of the Department's Prosecutions Policy.
Strategy	Develop a new Compliance and Anti-Fraud Strategy to cover the period 2019-2023.

Table 10: Headline Results for 2017 and Targets for 2018

Pillar	Area of Activity	Target 2017	Achieved in 2017	Target 2018
Prevention/ Detection	Control Savings of which achieved by the Special Investigations Unit (SIU)	€510m  €75m	€530m  €62m	€520m  €75m
	Control Reviews Undertaken	880,000 (adjusted from 950,000 previously)	754,505	800,000
	Public Services Cards (PSC) issued	650,000	3 million plus PSCs issued to date.	No target- demand led.
	Predictive Analytics Modelling	Refine models for OFP, DA and Jobseekers schemes. Develop risk models for other schemes. Expand analytics modelling as a source in risk management approach to reviews. Expand the number of focused projects undertaken by the SIU.	DA, OFP, and Jobseekers models in operation.	Maintain and refresh existing models.  Use analytics to support and enhance other control projects across the Department.  Consider models for other DEASP schemes.

Pillar	Area of Activity	Target 2017	Achieved in 2017	Target 2018
Prevention/ Detection	Control Surveys	<p>Complete and publish surveys of State Pension Contributory (SPC), Carers Allowance &amp; Supplementary Welfare Allowance Schemes (SWA).</p> <p>Commence surveys of State Pension Non-Contributory, (SPNC), Back to Work Enterprise Allowance (BTWEA).</p>	<p>SWA published</p> <p>Carers field work completed – report imminent (Q3/2018)</p> <p>SPNC field work completed - analysis underway – report due Q3 2018.</p>	<p>Publish Carers 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>
Debt Recovery/ Deterrence	Overpayments Recovered	€90m	€81m	€95m
	Prosecutions submitted	400 cases – 150 referrals to DPP & 250 to Chief State Solicitors' Office	<p>171 DEASP cases submitted to the CSSO.</p> <p>130 cases referred under Criminal Justice legislation.</p> <p>589 DEASP cases in the court system.</p> <p>169 finalised in court.</p>	500 cases to be considered for prosecution.

