Jobseekers Benefit

Fraud and Error Survey Report

Department of Social Protection
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2011 Jobseekers Benefit Fraud and Error Survey

1. Introduction

Purpose of survey

The Department undertakes fraud and error surveys to establish baseline fraud and error levels for social welfare schemes. The purpose of such surveys is to identify the level of risk associated with particular schemes and areas with a view to designing processes and control measures specifically targeted to minimise the level of future risk.

The purpose of this survey was to establish baseline levels of fraud and error in the Jobseekers Benefit (JB) scheme administered in DSP Local Offices. The survey took place in Q4 2011. The last fraud and error survey on JB (then known as UB) was undertaken in 2003.

Agreed criteria

The Department agreed the following criteria with the Comptroller & Auditor General for the successful implementation of baseline fraud and error surveys:

- All cases for inclusion in the survey must be selected randomly from the population of cases in payment at a specific time;
- The sample size must be sufficiently large to yield reasonably reliable estimates;
- The reviews should be carried out as promptly as possible;
- Cases should be tested fully for all possible breaches of regulations;
- The monetary values of any changes as a result of the review together with the monetary value of the sample should be captured so that the results can be extrapolated to draw conclusions about the estimated value of the loss; and
- The results of the survey should be capable of being audited.

Methodology

The Department's statistician is involved in the fraud surveys at design and reporting stage. At design stage, the best sample structure is identified to fit the scheme's profile of recipients. This could involve selecting a larger or smaller than normal sample depending on the profile of clients and claim duration. It could also involve over-sampling certain groups to ensure that they can be reported in the final results.

Results are re-weighted in line with the overall scheme profile and risk groups are identified where possible. The survey also looks at what types of cases were giving rise to the changes in payment levels as a result of fraud/ error.

In terms of the JB survey sample, the following approach was adopted:

- A random sample of 1,000 JB claims in payment at 7th October 2011 was selected.
- The sample of 1,000 was examined by the statistician and found to be representative as required by reference to age, location, gender etc.
- 994 claims were returned by social welfare inspectors following investigation and details were entered onto a database.
- The sample of JB cases were all examined and decided by deciding officers in Control Section in Carrick on Shannon, Co. Leitrim. This ensured consistency of decision making.

In some cases, claims were "payment suspended" as customers were not signing on, some for many weeks. When these cases were selected for the survey, the LOs closed the claims without review as the customers were not in touch. The claim closures were not attributed to the survey process and were excluded from the results. There were 204 such cases. Including the 6 cases not returned by the SWIs, the results of this survey are based, therefore, on 790 cases. These were representative of the initial overall sample as required by reference to age, gender etc.

Net rate of fraud & error

The net rate of fraud and error is calculated based on the decision of the deciding officer (DO). Fraud or suspected fraud mainly arises where it appears to the DO that the customer knowingly gave false or misleading information or wilfully concealed relevant information. Error cases are primarily due to inadvertent customer, third party or departmental error.

The net rate refers to the position after account is taken of decreases in weekly rate, increases in weekly rate, terminations of payment, transfer to other payments and the position post appeals of any cases affected.

Figures are presented in terms of the level of expenditure and the number of cases affected.

2. Survey Results

Net Cost of Fraud and Error: 1.6% of expenditure	
Fraud figure:	**0.1% of expenditure equivalent to 6.6% of claims**
Error figure:	**1.5% of expenditure equivalent to 6% of claims**

3. Risk Categories

The data was analysed in greater depth where sample size allowed to establish risk categories as follows:

- ***Customer Location:*** The results by region are comparable except for Dublin South which had a higher number of change cases. However, there were 8 different LOs involved in these cases in Dublin South.

- ***Age:*** The under 40s age group are higher risk.

- ***Nationality:*** The cost of fraud and error was slightly higher among non-Irish nationals.

4. Details of outcomes of survey cases

Fraud Cases

A total of 52 cases were identified as "suspected fraud". However, only 1 case was identified as fraud resulted in a termination.

Fifty one (51) casual cases were identified as falling into the fraud category because the customer's entitlement to JB was disallowed in respect of a particular day(s). While none of these resulted in a termination of payment, overpayments were assessed.

Discrepancies were noted on UP15s i.e. the forms completed by the customer's employer which showed that the customer had wrongly declared their unemployment for certain days when compared with their employer's statement. Their entitlement was subsequently disallowed in respect of the relevant days and an overpayment was assessed against the customers. All customers have been advised with regard to these overpayments and the recovery of same is being pursed.

Forty six of the 51 casual cases were already categorised as casual or part-time employment cases. In other words, the Department was aware that the person was engaged in casual employment. In the remaining 5 cases, the customer had not advised the Department they had commenced casual or part-time employment. These cases are now categorised accordingly.

Error Cases

There were 48 cases identified as error:

- 35 were classified as customer error; and
- 13 were classified as departmental error.

There were 16 cases of error that did not impact on the weekly rate of payment e.g. change of address.

In the other cases, overpayments were assessed, if appropriate.

Terminations/Reductions

Of the above fraud and error cases, there were 29 cases identified which resulted in a decrease/termination of payment.

Of these, 22 cases were terminated with the reason given that the claimant was working or failed to attend for interview. When the inspector was in touch with these customers to interview them, they indicated that they wished to close their claim.

Appeals/Re-Qualified for payment

No cases were appealed following this survey. When the terminations were examined, it was established that 8 cases had re-qualified for a social welfare payment. This is reflected in the survey results.

5. Controls

The Department has introduced a range of targeted initiatives to tackle JB fraud such as:

- More checks at the beginning of a claim for benefit to prevent fraud entering the system in the first place;
- The removal of the option to receive payments by Electronic Fund Transfer (bank account) for new or repeat jobseeker customers;
- The introduction of automated/system-generated genuinely seeking work (GSW) reviews since Q4 2009 in local offices;
- Utilising a more risk-based and intelligence-led approach to countering fraud, using targeted data-matches with agencies such as Revenue, Commission for Taxi Regulation, Private Residential Tenancies Board, Irish Prison Service, the Private Security Authority;
- Operating a control review policy to prioritise cases for on-going review;
- Undertaking a national and strategic response to high risk sectors and schemes where fraud and abuse is prevalent, utilising the resources and experience of the Special Investigation Unit (SIU) e.g. non residency, concurrent working and claiming. The SIU also work jointly with Revenue staff in the Joint Investigation Units. Other inter-agency work is undertaken with NERA, Customs and the Gardaí; and
- In 2012, the Department will be rolling out a new Public Services Card with key security features, including a photograph and signature, which will be used to authenticate individuals.

6. Conclusions and Recommendations

Key finding

The overall net cost of fraud and error for Jobseekers Benefit is 1.6% of expenditure.

The main conclusions of the survey are:

- Due to the high volume of casual or part-time persons on the Live Register and increased pressures on Local offices to process new claims, the controls in place for this cohort of claimants should be reviewed and substantially strengthened.

- Claim reviews, commencement of employment information, data matching, and anonymous reports provide a suite of control measures to safeguard the scheme.

- Measures must continue to be focused on targeting customers for detection on an on-going basis, as set out in the review policy in place for the scheme.

Key recommendations

In light of the survey conclusions, the following recommendations are made:

- Local offices/inspectors should specify to new JB customers their obligations about notifying the Department regarding changes of circumstances and make them aware of the consequences of not declaring any change.

- The forms issued to customers at the award stage, and intermittently thereafter, should be amended to stress the implications of providing false information or concealing information.

- Control procedures in relation to casual and part-time workers should be reviewed and strengthened.

- A circular outlining the survey's findings and the key issues that need to be addressed should issue to all relevant local office staff as soon as possible. In particular, the fact that certain JB claims were "payment suspended" and left at this status well in excess of guidelines should be highlighted as an immediate area to be addressed.

Appendix 1 – Results of Survey

JB survey results	Initial Fraud and Error level	Reinstated claims/appeals	Net Fraud and Error level
Fraud value	0.1%	None	0.1%
Error value	2.4%	0.9%	1.5%
Fraud and Error value	**2.5%**	**0.9%**	**1.6%**
Fraud cases (excluding overpayments*)	6.6% (0.1%)	None	6.6% (0.1%)
Error cases (excluding overpayments*)	4.6% (4.0%)	1.1%	3.5% (2.9%)
Change cases excluding overpayments*	**4.1%**	**1.1%**	**3.0%**

* Overpayments were raised in relation to casual customers' signing patterns – as the related reductions were not weekly values or ongoing reductions, they could not be reported as change values against weekly expenditure for the scheme