



An Roinn Coimirce Sóisialaí Department of Social Protection

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Over €645 million saved through social welfare control measures in 2011

Special Investigation Unit generated savings of over €60 million

More than 982,000 individual social welfare claims reviewed

Joan Burton T.D., Minister for Social Protection today (16th February 2012) outlined savings of €645 million which had been achieved across Department of Social Protection schemes through fraud prevention and control measures in 2011. Department of Social Protection officials reviewed some 982,000 individual claims for social welfare payments.

Welcoming the figures, Minister Burton said: **“The level of savings achieved by the Department is well in excess of the target of €540 million set at the start of 2011 and it shows our commitment to tackling fraud and abuse of the social welfare system across our broad range of schemes.”**

These savings refer to future expenditure that would have been incurred but for this control work. Without this investigation the Social Welfare Bill would over time increase by this €645m. Reviews of One Parent Family payments accounted for almost €167 million savings, followed by Pensions savings of almost €142 million and over €92 million through Illness payments. Savings in Jobseekers claims were over €82 million, with over 222,000 claims reviewed while over 392,000 Child Benefit payment claims were reviewed resulting in savings of almost €88 million. In addition to these claims, over 3,140 employers underwent PRSI inspections to check their compliance, with 68% found to be fully compliant.

New Fraud Control Plan

In September 2011 Minister Burton launched a new fraud strategy, the Fraud Initiative 2011-2013. This initiative takes a revised and renewed approach to the challenges posed by social welfare fraud. Minister Burton continued: **“Ensuring the public have confidence and trust in the Department’s response to combating fraud and abuse in the social welfare system is the key element of the Initiative. The increased amount of savings and reviews achieved within 2011 reflects the targeted approach to combating fraud as set out in the Initiative.**

“The Programme for Government commits to a zero tolerance approach to social welfare fraud. A key priority for my Department is to ensure that fraudulent activity within the social welfare system is vigorously prevented and combated. Social welfare fraud undermines public confidence in the entire system as well as being unfair to other recipients of social welfare payments, taxpayers and businesses run on a legitimate basis”.

Special Investigation Unit

The role of the Special Investigation Unit (SIU) is to investigate and report on fraud in the various Social Welfare assistance and insurance schemes. The work of SIU involves the detection and investigation of suspected social welfare fraud and working with Revenue on operations aimed at tackling fraud and combating the Shadow Economy

- In 2011, the Unit devoted its resources towards planned and systematic control activity and projects.
- The Unit generated fraud control savings of over **€60 million in 2011**.
- The emphasis was on direct intervention via home & site/employer visits and face to face interviews with customers. In particular high visibility activity and with direct engagement.
- The Hidden Economy remained a key priority during 2011.
- Over **30,000** fraud investigations or enquiries were completed.
- A total of **750** employer inspections were undertaken.
- A total of **270** cases were referred by the unit for consideration of prosecution for fraud offences under the Social Welfare Act.
- **174** cases were referred to An Garda Síochána for prosecution under the Criminal Justice (Theft & Fraud Offences) Act.
- The concentration of investigations was on those schemes and sectors where the incidence of social welfare fraud is most pronounced. The focus of investigations was based on risk assessment and appropriate use of resources.
- In the case of special projects such as non residency and multiple claiming these have been particularly successful.
- There is also a very active multi agency and joined up agency approach to some of the more specialised activities.

Reporting possible fraud

The Department of Social Protection accepts reports of possible fraud offered by members of the public in relation to the Department's schemes. Members of the public are asked to provide as much detail about the case they are reporting as possible and they can do so anonymously.

In 2011, 16,920 reports were dealt with in the Central Control Section of the Department, compared with 12,640 in the previous year.

There is a noted increase in anonymous reports of suspected abuse of the social welfare system, being reported by members of the public, the figures have trebled since 2009:

- 2009 6,429
- 2010, 12,640
- 2011, 16,920

Commenting on these figures, Minister Burton said: **“Each and every report made by a member of the public is followed up by the appropriate area to assess if action is necessary”**.

Reports can be made in the following ways:

- **By email:** www.welfare.ie
- **By phone:** (01) 704 3000, ask for Central Control Section or (071) 9672648 or Locall 1890 927999
- **By Post:** Central Control Division, Department of Social Protection, Shannon Lodge, Carrick-on-Shannon, Co Leitrim.

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Notes for Editors

Reviews carried out and savings achieved 2011

Scheme	Savings achieved in 2011 €m	Number of Reviews 2011
Jobseekers	82	222,272
One Parent Family Payment	167	103,562
Illness & disability-related payments	92	191,640
Pensions	142	13,871
Child Benefit	88	392,624
Carers	11	3,060
Family Income Supplement	12	26,795
Supplementary Welfare Allowance, PRSI, Household Benefits package of schemes & others	51	28,756
Total	645	982,580

Breakdown of anonymous reports received in 2010 and 2011

Type of report	2010	2011
Working and claiming	5,350	7,430
Cohabitation	3,540	4,470
Outside ROI	740	880
Employer issue	380	490
Other	2,630	3,650
Total	12,640	16,920

How we combat fraud

Data Matching

Various state agencies and bodies are continuing to provide information to the Department of Social Protection which can be used to data match and cross check at initial claim stage and for on-going eligibility for entitlement.

Regular data matches occur with the Revenue Commissioners on commencement of employment and the General Register's Office on birth, marriages and deaths. Other examples of on-going co-operation include data matching and sharing of information from:

- The Irish Prison Service provides information with increased frequency and the Private Security Authority provides the Department with data for control purposes.
- The Department of Education and Skills: provides student data.
- The Department of Transport, Tourism and Sport: the Commission for Taxi Regulation provides data on taxi/hackney licences.

- Department of Environment, Community & Local Government: information on registered landlords from the Private Residential Tenancies Board is matched against the Department's payments systems.
- HSE: information is provided about persons who are registered for the Fair Deal Scheme.

Data matching is a very effective method of identifying high risk claims for review and is an example of good cross-departmental co-operation. Existing legislation provides that relevant information can be matched in specific once-off targeted operations or through one-to-one data exchanges for a particular case. There is also good cross-border co-operation with the relevant agencies in Northern Ireland, the UK and in the wider EU regarding control investigations.

Suspected fraud/legal proceedings

It is the Department's policy to consider for prosecution all cases of fraud against the social welfare system. Criminal prosecutions are taken in the main by summary proceedings in the District Courts. The maximum penalty provided for cases taken summarily is a fine not exceeding €2,500 or a term of imprisonment not exceeding 6 months or both such fine and imprisonment. (*The amount of the fine increased from €1,500 to €2,500 on 4th January 2011 when the Fines Act 2010 was enacted*). Criminal prosecutions may be taken against persons who defraud the social welfare payments system and employers who fail to carry out their statutory obligations. A person who is found guilty of abusing the social welfare system may be fined or imprisoned.

In cases where serious or protracted social welfare fraud has occurred, these cases are either referred to the Chief State Solicitor's Office or Director of Public Prosecution for criminal prosecution. In other serious cases, such as multiple claiming or personation, the inspectors may refer the cases to the Gardaí for investigation. A person who is found guilty of abusing the social welfare system may be fined or imprisoned. In relation to legal proceedings for suspected welfare fraud, up to the end of 2011:

- **194** cases were forwarded to the Chief State Solicitor Office to initiate legal proceedings
- **222** cases were finalised in court of which 184 related to Jobseeker's claims.
 - **134** Cases had fines imposed,
 - **7** cases received a prison sentence,
 - **28** were given the Probation Act,
 - **16** received community service and
 - **18** cases received a suspended sentence.
- **174** cases were referred to An Garda Síochana for prosecution under the Criminal Justice (Theft and Fraud Offences) Act.
- **723** were on hands with the Chief State Solicitors Office/Local state solicitors at various stages of the prosecution process.

A number of cases have also been jointly investigated and prosecuted by the Department's Special Investigation Unit (SIU) and the Gardaí in 2011. These include one case where an individual was sentenced in July to 12½ years in prison for social welfare fraud, and in November, two men were convicted for social welfare fraud and sentenced to 19 and 20 months in prison respectively, with fines of €23,000 and €14,500 imposed.

Joint Investigation Units/Interagency Co-operation

The Department has with Revenue identified the risk inherent in shadow economy activity as being key corporate priorities to be tackled. A sectoral approach is being taken with projects and operations focused on high risk and particular sectors. At operational level this is achieved through the Department's and Revenue Joint Investigation Units which are formed from the Special Investigation Unit cadre.

These units are configured to ensure that an inter agency approach and co-operation takes place jointly to combat hidden economy activity and detect social welfare fraud. These units play a key role in targeting particular types of shadow economy activity in the employed sectors. Work carried out by the Unit includes monitoring and compliance activity associated with sectors where tax compliance and social welfare fraud and abuse are common. Some the sectors where inspections and operations have been undertaken in 2011 included:

- The transport sector including couriers, the taxi sector and haulage companies.
- The construction sector, in particular construction projects where public procurement is involved and once off builds.
- The environmental sector including clothes recycling, waste management and scrap metal dealing.
- Town and streetscape projects – These projects consists of a visit to all cash businesses in a location to check for tax compliance and ensure social welfare fraud does not occur.
- Casual trading and markets including individuals engaged in illicit trading.
- Where intelligence or reliable reports are received about persons engaged in concurrent working and claiming benefits and non-payment of tax, reviews of eligibility are immediately undertaken.

These joint control programmes are regularly adjusted to concentrate on the areas of greatest risk, based on intelligence and operational experience.

Sample of projects undertaken 2011

- **Non Residency Project:** As part of a suite of ongoing national projects being undertaken, the Special Investigation Unit focused on individuals who are suspected of not being resident in the State. Targeted reviews, including home visits by inspectors and have been systematically undertaken. In 2011, **5,062** cases were reviewed, which resulted in **605** cases (or approximately **12%** of those targeted) being terminated.
- **Multiple Claiming/Identity Fraud Project:** As part of a suite of ongoing national projects being undertaken, the Special Investigation Unit focused on individuals who are suspected of being engaged in multiple claiming or identity fraud and illegitimately collecting social welfare payment. In 2011, **849** cases have been investigated which has resulted in **274** claims (**33%** of those targeted) being terminated. These investigations have resulted in savings totaling **€3.7 million**.
- **Operation Transport:** A joint investigation project was undertaken by Dublin SIU and Revenue officials into a number of companies engaged in the transport sector. A total of five companies were investigated via unannounced visits to their offices. All data pertaining to these

companies operations was obtained electronically and processed. The main investigative outcomes were:

- **20** cases of concurrent working and claiming benefits
- Annualised savings of **€170,00** have resulted from this operation
- **7** of these cases are being considered for prosecution
- **38** cases of individuals not registered for tax.

- **Operation Lifestyle and Assets:** The basis of this pilot project was directed towards individuals whose lifestyle and display of wealth or assets are not commensurate with dependence on social welfare payments. The project is run with the support of Revenue. To date, **37** high profile investigations have been conducted with **16** of these cases resulting in termination of payments (**43%**) and savings of **€375,000** realised.

Control Targets for 2012

The control savings target for 2012 is set at €645 million with a target of reviewing 985,000 individual welfare claims.

While the Fraud Initiative (launched in September 2011) included provisional targets for 2012 at €625m savings and 945,000 reviews, these targets have been reviewed in light of the outcomes for 2011, as set out above. (However, these 2012 targets will be reviewed during the course of this year, with the first review in early April (after quarter 1 of the year).

The control savings target for 2011 was €540 million. However, €645m in control savings were recorded as achieved at the end of 2011. The 2011 target for reviews was 780,000 while in excess of 982,000 cases were reviewed.

The high level of reviews and savings in 2011 include almost 400,000 reviews which were carried out on Child Benefit (mainly as a result of enhanced technology which provided for the issue of large numbers of mailshot letters). As this volume of reviews resulted in ensuring that only those persons entitled to Child Benefit continue to receive it, it is likely that there will be reduced reviews and savings in this area in 2012.

However, the expected reduction in control activity in this area is expected to be compensated for by a range of other control initiatives, including those outlined below.

Control Actions planned for 2012

- Systematic reviews of entitlement across all social welfare schemes having regard to the level of fraud risk associated with each scheme. The emphasis will be on targeted home visits by investigators and comprehensive face-to-face interviews of persons suspected of fraudulent activity.
- The Department will supplement reviews of entitlement by the frequent use of direct mailshot letters to customers to validate that the conditions for receipt of benefits, allowances and child related payments are met. In addition, they will also serve to heighten fraud awareness. In instances where the customer fails to respond, payments will be suspended or forwarded for investigation.

- Enhanced technology on a number of schemes will provide for greater volume of mailshot reviews which can be targeted to particular cohorts.
- In the case of persons receiving illness and disability payments, recipients will be reviewed on a systematic basis through personal medical assessments and case reviews to ensure that the medical aspect of their entitlement is still fulfilled.
- Targeted residency checks on social welfare claims will be systematically undertaken nationwide by Departmental inspectors in order to determine whether residency status is fulfilled.
- Good citizen reports of suspected fraudulent social welfare claims. Members of the public are asked to provide as much detail about the case they are reporting as possible and with these facilities they can do so totally anonymously. The Department systematically investigates all such cases reported, in so far as possible given the information provided.
- The Department will continue proactively to match data with agencies and broaden the range of data it uses to uncover and detect social welfare fraud. Examples of data matching to date for control purposes include the Irish Prison Service, commencement of employment notifications from Revenue, Third Level College students' listings and information relating to taxi licences from the Commission on Taxi Regulation.
- The Department will continue to work proactively with other agencies including the Revenue Commissioners, NERA, Taxi Regulator etc. to jointly combat fraud and the hidden economy.
- Fraud and Error surveys will be carried out on 1,000 cases in each of Child Benefit and Jobseekers Allowance schemes. The outcomes of finalised fraud and error surveys will be used to inform and revise risk review policies.
- Serious cases of fraud will be referred for prosecution under Social Welfare Acts while cases of personation or multiple claiming will be referred to the Gardai.
- The Department undertakes a programme of employer inspections to ensure that accurate records of employees are kept; the correct class of PRSI is being deducted and remitted, employees are not concurrently working and claiming social welfare payments. There will be a re-emphasis towards onsite inspections to increase a visible Departmental presence across those sectors of the economy where social welfare fraud is prevalent or suspected.
- Activation and Control Teams (ACTs) are established across the Department's regional network. These teams will be enhanced by the integration of the community welfare officers and FÁS staff into the Department. These control teams will now comprise social welfare inspectors, facilitators, special investigation unit staff, social welfare local office staff, community welfare services and employment support staff. The ACTs will help to ensure that all activation and control activities established and new, across all schemes, are

being vigorously applied and augmented with targeted specific approaches based on local knowledge and circumstances. There will be a single customer view, from a control perspective, by having these former agencies amalgamated into the Department and as members of the ACTs.

- The roll-out of the Public Services Card is expected to yield control savings from its verification of identities of social welfare customers. While some 4,000 cards were produced last year it is expected there will be a significant number of cards issued in 2012.

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